2014

CENTRAL BANK OF NIGERIA

ECONOMIC REPORT FOR THE FIRST HALF OF 2014

Central Bank of Nigeria
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Vision

"By 2015, be THE MODEL CENTRAL BANK delivering PRICE and FINANCIAL SYSTEM STABILITY and promoting SUSTAINABLE ECONOMIC DEVELOPMENT".

Mission

To be proactive in providing a stable framework for the economic development of Nigeria, through the effective, efficient and transparent implementation of monetary and exchange rate policy, and management of the financial sector.

THE CENTRAL BANK OF NIGERIA

Established by the Central Bank of Nigeria (CBN) Act of 1958, the Principal objects of the Bank as contained in the new CBN Act, 2007 are to:

- *ensure monetary and price stability*
- *issue legal tender currency in Nigeria*
- *maintain external reserves to safeguard the international value of the legal tender currency*
- *promote a sound financial system in Nigeria*
- *act as banker and provide economic and financial advice to the Federal Government of Nigeria*

MEMBERS OF THE BOARD OF DIRECTORS OF THE BANK AS AT JUNE 30, 2014

1.	Godwin I. Emefiele	-	Governor (Chairman)
2.	Adebayo A. Adelabu	-	Deputy Governor (Corporate Services)
3.	Sarah O. Alade (Mrs), OON	-	Deputy Governor (Economic Policy)
4.	Kingsley C. Moghalu, OON	-	Deputy Governor (Financial System Stability)
5.	Suleiman A. Barau, OON	-	Deputy Governor (Operations)
6.	Anastasia M. Daniel-Nwobia	-	Director (Permanent Secretary, Federal Ministry of Finance)
7.	Jonah O. Otunla	-	Director (Accountant General of the Federation)
8.	Muhammad M. Kafarati	-	Director
9.	Collins C. Chikeluba	-	Director
10.	Anthony A. Adaba	-	Director
11.	Stephen O. Oronsaye, CFR	-	Director
12.	Ayuli Jemide	-	Director
	Yunusa M. Sanusi	-	Secretary to the Board

MEMBERS OF THE COMMITTEE OF GOVERNORS OF THE BANK AS AT JUNE 30, 2014

1.	Godwin I. Emefiele	-	Governor (Chairman)
2.	Adebayo A. Adelabu	-	Deputy Governor (Corporate Services)
3.	Sarah O. Alade (Mrs), OON	-	Deputy Governor (Economic Policy)
4.	Kingsley C. Moghalu, OON	-	Deputy Governor (Financial System stability)
5.	Suleiman A. Barau, OON	-	Deputy Governor (Operations)
	Yunusa M. Sanusi	-	Secretary

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SUMMARY

POLICY FRAMEWORK

The Central Bank of Nigeria's (CBN) primary mandate remains monetary and price stability. To achieve the mandate, the Bank in the first half of 2014, pursued a monetary policy strategy using a combination of approaches. Thus, the Bank employed the open market operations (OMO), complemented by reserve requirement (RR), discount window operations and primary market transactions as well as interventions in the foreign exchange market. The monetary policy rate (MPR) was retained as the major signal of the Bank's policy stance and the anchor for short-term interest rates. The Bank undertook supervisory and surveillance activities through regular review of banks' returns, spot checks, on-site and off-site monitoring, and special investigations, among others, to ensure a sound financial system stability.

CBN OPERATIONS:

Developmental Initiatives

The Bank sustained the implementation of its various developmental initiatives such as; the ₦200 billion Restructuring and Refinancing Facility (RRF), the ₦200 billion SME Credit Guarantee Scheme Fund (SMECGS), and the ₦300 billion Power and Airline Intervention Fund (PAIF). Others included the Agricultural Credit Guarantee Scheme (ACGS), the Commercial Agricultural Credit Scheme (CACS), Entrepreneurship Development Centres and the Nigeria Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL).

Liquidity Management

Open market operations was sustained as the main tool for liquidity management. Other quantity based instruments used alongside the OMO were the reserve requirements, discount window operations and standing facilities. Also, primary market transactions in government securities and interventions in the foreign exchange market under the retail Dutch Auction System (rDAS) were employed.

Payments & Clearing System

To enhance the National Payments System, the CBN introduced Bank Verification Number (BVN) to address the challenge of absence of a unique identifier in the Nigerian banking industry. The BVN would enhance the effectiveness of the "Know Your Customer" (KYC) principle, with its associated benefits, including reduction of fraud and credit risk; and growth of credit and related products. Other activities included: Sensitisation campaigns on the cash-less policy initiative in preparation for its take-off in the remaining 30 states of the Federation; Revision of the guidelines for e-card issuance and usage in Nigeria; and Implementation of industry e-reference portal to enhance processing of customers' accounts references.

Financial Sector Surveillance

As part of its supervisory and surveillance activities, the Bank conducted the quarterly review of foreign exchange activities of twenty (20) banks to ascertain their compliance with extant foreign exchange laws and regulations. Institutions where infractions were identified were appropriately sanctioned. In addition, Anti-Money Laundering/ Combating the Financing of Terrorism (AML/CFT) spot check on thirteen (13) banks was carried out and five (5) banks were sanctioned for contravening various laws and regulations. The Bank also undertook an on-site examination of one foreign subsidiary of a domestic bank as part of its oversight of cross-border activities.

The banking sector remained sound at end-June 2014. The industry non-performing loans (NPL) ratio stood at 3.50 per cent, down from 3.65 per cent at end-June 2013, following improvement in the risk management practices of banks. The industry liquidity ratio stood at 42.66 per cent at end-June 2014, higher than the threshold of 30.0 per cent.

The implementation of the 2010 banking reform initiatives continued during the review period. One bank was issued with a commercial banking licence with international authorization, while another obtained HoldCo and commercial banking licences with international authorization. In addition, a discount house was granted approval-in-principle (AIP) to convert to a merchant bank, while a foreign bank was granted final approval to establish a representative office in Nigeria. Also, a parallel-run of the Basel II alongside Basel I minimum capital adequacy computation commenced during the first half of 2014, with banks required to also render their returns on Basel II format on monthly basis. In addition, the submissions of DMBs' Internal Capital Adequacy Assessment Process (ICAAP) documents to the Bank commenced in the review period.

The Bank issued a revised Code of Corporate Governance for Banks and Discount Houses to align its provisions with current realities and global best practices; eliminate ambiguities and strengthen governance practices in the institutions. To ensure full implementation, banks and discount houses were required to render quarterly returns to the CBN. A compliance examination and spot check on banks was carried out to ascertain compliance with the consumer complaints management guidelines. The exercise revealed remarkable improvement in most banks. However, defaulting banks were directed to make appropriate refunds and ensure strict compliance henceforth. The Bank also conducted consumer financial literacy sensitization and awareness programmes in Enugu and Ibadan in the review period.

Foreign Exchange Management

The Retail Dutch Auction System (rDAS) was retained as the mechanism for managing foreign exchange by the Bank. The exchange rate of the naira vis-à-vis the US dollar was relatively stable at the official window due to interventions by the Bank which moderated demand pressure. The average exchange rate of the naira to the US dollar at the rDAS, interbank and BDC segments were ₦157.29/US$, ₦162.55/US$ and ₦169.49/US$, respectively, in the first half of 2014. Foreign exchange inflow through the economy increased by 5.9 and 2.4 per cent to US$75.64 billion above the respective levels in the first and second halves of 2013. Total foreign exchange outflow through the economy increased by 52.7 and 18.3 per cent to US$29.09 billion, over the levels at end-June and end-December 2013, respectively. Overall, the net foreign exchange inflow through the economy stood at US$46.55 billion, compared with US$52.32 billion and US$49.27 billion in the corresponding period and preceding half year, respectively.

THE FINANCIAL SECTOR

The CBN maintained a tight monetary policy stance in the first half of 2014, keeping the monetary policy rate at 12.0 per cent throughout the period. Consequently, major monetary aggregates were significantly below their indicative benchmarks. Reserve money, at ₦4, 723.1 billion, was 15.0 per cent below its level at end-December 2013. Broad money supply (M_2) grew by 1.7 per cent relative to the level at end-December 2013, compared with the growth of 0.7 per cent at the end of the corresponding period of 2013. At this rate, M_2 growth was lower than the provisional indicative target of 14.5 per cent for fiscal 2014. Both currency-in-circulation and currency outside bank declined at the end of the review period.

Aggregate credit to the domestic economy grew marginally as a result of the slow growth in claims on the private sector and the decline in net claims on the Federal Government. Net domestic credit (NDC), grew by 0.9 per cent to ₦15,173.6 billion at the end of the first half of 2014, compared with the growth of 3.6 per cent at the end of the corresponding period of 2013. Net claims on government fell by 21.9 per cent at the end of the first half of 2014, compared with 3.6 per cent at the end of the corresponding half of 2013. The Federal Government, as in the preceding half-year, however, remained a net lender to the banking system. Credit to the private sector grew by 2.8 per cent at the end of the first half of 2014, compared with 3.6 per cent at the end of the first half of 2013.

Money market rates were relatively stable in the first half of 2014. The weighted average prime and maximum lending rates stood at 16.7 and 25.8 per cent, respectively. The spread between the average term deposit and maximum lending rates narrowed by 0.75 percentage points to 16.92 percentage points. With the year-on-year inflation rate at 8.2 per cent in June 2014, most deposit rates were negative in real term.

Aggregate financial savings rose by 5.0 per cent to ₦9,511.0 billion in the first half of 2014, compared with ₦9,224.4 billion and N9,085.6 billion at end-December 2013 and the corresponding period of 2013, respectively. DMBs remained the dominant depository institutions in the financial system, accounting for 90.0 per cent of the total financial savings, compared with 95.2 per cent in the preceding half year while other savings institutions accounted for the balance.

The All-Share Index (ASI) and aggregate market capitalization rose by 2.8 and 0.1 per cent to close at 42,482.48 and ₦19.09 trillion, respectively, compared with 41,329.19 and ₦19.08 trillion at end-December 2013.

Provisional gross federally-collected revenue in the first half of 2014 stood at ₦5,109.04 billion or 12.1 per cent of GDP. This was below the proportionate budget estimate by 6.0 per cent, but was above the level in the corresponding period of 2013 by 6.3 per cent. The shortfall in federally-collected revenue relative to the budget estimate was as a result of the decline in non-oil revenue. Further analysis indicated that oil revenue constituted 70.5 per cent of total revenue, while non-oil revenue accounted for the balance.

THE GOVERNMENT SECTOR

At ₦1,771.27 billion or 4.2 per cent of GDP, the estimated Federal Government's retained revenue was lower than both the proportionate budget estimate and the level in the corresponding period of 2013 by 17.0 and 9.6 per cent, respectively. The decline in retained revenue relative to the proportionate budget estimate was attributed, largely, to the drop in both FGN independent revenue and its share from the Federation Account.

The estimated aggregate expenditure of the Federal Government in the first half of 2014 was ₦2,096.37 billion or 5.0 per cent of GDP. This fell by 19.9 and 11.8 per cent below the budget estimate and the level in the corresponding period of 2013, respectively. The decline in total expenditure relative to the proportionate budget estimate reflected, largely, the delay in capital releases induced by the late passage of the 2014 Appropriation Bill. The fiscal operations of the Federal Government in the first half of 2014 resulted in overall deficit of ₦325.11 billion or 0.8 per cent of GDP, as against the proportionate budget estimate and corresponding period of 2013 deficit of ₦482.10 billion and ₦415.40 billion, respectively. The deficit was financed, mainly, from domestic sources, particularly through the issuance of FGN Bonds and loans from special account (Development of Natural Resources Account).

The stock of Federal Government consolidated debt at end-June 2014 was ₦8,881.40 billion or 10.5 per cent of GDP This represented an increase of 4.6 per cent over the level at end-December 2013. Of the total debt stock, domestic debt accounted for ₦7,421.40 billion or 83.6 per cent, while the external debt amounted to ₦1,460.30 billion (US$9.38 billion) or 16.4 per cent of the total.

Provisional Data from the National Bureau of Statistics (NBS) showed that the gross domestic product (GDP), at 2010 constant basic prices, rose by 6.4 per cent in the first half of 2014, compared with 4.9 per cent

THE REAL SECTOR

in the first half of 2013. The growth reflected, largely, the performance of the non-oil sector, which grew by 7.4 per cent. Agriculture and industry recorded growth of 4.6 and 5.9 per cent, respectively. Similarly, construction, services and trade recorded respective growth of 14.0, 7.2 and 5.7 per cent in the first half of 2014.

Nigeria's average daily crude oil production stood at 1.91 mbd or 345.71 million barrels (mb), representing a decline of 4.0 per cent below the level of 1.99 mbd or 360.19 mb attained in the corresponding half of 2013. The average spot price of Nigeria's reference crude, the Bonny Light (37° API) increased by 0.9 per cent to US$111.29 per barrel above its level in the first half of 2013.

The general price level maintained an upward trend in the first half of 2014. The all-items composite Consumer Price Index (CPI) stood at 158.6 (November 2009=100) at end-June 2014, compared with 146.6 and 152.3 at end-June 2013 and end-December 2013, respectively. The year-on-year headline inflation fluctuated in the first half of 2014 and stood at 8.2 per cent at end-June 2014, representing an increase of 0.2 percentage point over the level at end-December 2013. The 12-month moving average inflation rate declined to 8.0 per cent at end-June 2014, from 10.4 and 8.5 per cent at end-June and end-December 2013, respectively.

EXTERNAL SECTOR

Provisional data showed that the external sector was under pressure reflected in the depletion of the external reserves and huge short-term capital reversal in the first half of 2014. Despite this development, the current account recorded a surplus equivalent to 2.26 per cent of gross domestic product (GDP), occasioned by robust trade balance and increased home remittances. The capital and financial account also registered a higher net foreign assets position, representing 0.6 per cent of GDP in the first half of 2014, compared with 0.5 per cent of GDP in the first half of 2013. External reserves, at US$37.33 billion, declined by 12.9 per cent from the level at end-December 2013 and could support 8.0 months of import cover (goods only). External debt increased from US$6.92 billion and US$8.82 billion at end-June and end-December 2013, respectively, to US$9.38 billion.

Global output expansion was modest, but unbalanced across economies. Policy uncertainties and structural rigidities continued to impede overall demand. In the advanced economies, growth was gradually gaining traction after a lull due to the harsh weather conditions and weak domestic demand, resulting in huge inventory accumulation. In the emerging market economies, growth remained sluggish, affected by policy uncertainties, structural rigidities and protracted weakness in external demand, which weighed negatively on domestic demand. The financial markets were susceptible to uncertainties around interest rates normalisation in advanced economies. In sub-Saharan Africa, growth remained strong, supported by commodity-related factors. Nigeria posted reasonable growth despite domestic challenges. In the Middle East and North Africa (MENA), growth was constrained by difficult socio-political and security concerns. Global inflation generally remained subdued, lower than historical averages, following continued negative output gaps in the advanced economies, weaker domestic demand in many emerging markets, and falling commodity prices, particularly energy.

OUTLOOK FOR THE REST OF 2014

Despite the unfavourable global economic environment, Nigeria's output growth for the second half of 2014 was expected to remain resilient amidst disruptions of agricultural activity on account of insecurity. Firmed-up domestic demand would continue to drive the services and manufacturing sectors, while the strengthening of growth in advanced economies would bolster external demand. Although there are signs of domestic inflationary pressures, pass-through effect of foreign prices on domestic inflation was expected to be dampened as global inflation expectations have remained well anchored. In addition, proactive monetary policy measures would stem the liquidity surfeit from accommodative fiscal policy anticipated in the second half of the year. Consequently, domestic inflation would remain reasonably contained within the Bank's target band of 6.0 – 9.0 per cent.

The outlook for the external sector for the rest of 2014 remained promising, given the sustained high international crude oil price and stable domestic economic conditions. The fiscal outlook is, however, mixed. Despite the sustained increase in international oil prices above the FGN budget benchmark price of US$77.5/barrel, the reduction in US demand for Nigeria's crude due to the discovery of shale oil might adversely affect total revenue. However, it was expected that the recovery in some emerging markets might boost the demand for Nigeria's Brent and, thereby, dampen the effect of the lower crude oil demand from the US on federation revenue and accretion to the excess crude account. It was also expected that capital expenditure implementation would intensify in the second half of the year along with upsurge in recurrent expenditure due to the financial outlay for the 2015 election activities.

Selected Macroeconomic and Social Indicators

Indicator	Jun-10 1/	Jun-11 1/	Jun-12 1/	Jun-13 1/	Jun-14 2/
Domestic Output and Prices					
GDP* at Current Mkt Prices (N' billion)	25,931.88	29,915.91	34,643.40	38,671.86	42,339.35
GDP* at Current Mkt Prices (US$' billion)	172.84	195.26	219.75	245.84	269.17
GDP* per Capita (N)	163,194.62	182,429.20	204,707.10	224,614.39	242,181.32
GDP* per Capita (US$)	1,087.70	1,190.71	1,298.50	1,427.90	1,539.67
Real GDP* Growth (Growth Rate %)		**6.62**	**3.79**	**4.94**	**6.38**
Oil Sector		17.31	(9.19)	(13.77)	(1.23)
Non-oil Sector		4.68	6.43	8.18	7.44
Sectoral Classification of GDP* (Growth Rate %)					
Agriculture		2.58	6.36	2.52	4.55
Industry		16.14	(0.96)	(0.85)	5.90
Construction		3.82	24.17	13.96	13.99
Trade		6.78	1.61	5.91	5.71
Services		3.27	4.90	8.82	7.21
Oil Production (mbd)	2.07	2.14	2.09	1.99	1.91
Manufacturing Capacity Utilisation (%) 1/	54.90	55.73	57.03	57.6	59.3
Inflation Rate (%) (Year-over-Year)	14.1	10.2	12.9	8.4	8.2
Inflation Rate (%) (12-month moving average)	13.1	12.3	11.3	10.4	8.0
Core Inflation Rate (%) (Year-over-Year) 3/	12.7	11.5	15.2	5.5	8.1
Core Inflation Rate (%) (12-month moving average) 3/	10.9	12.1	12.7	10.7	7.4
Federal Government Finance (% of GDP*)					
Retained Revenue	5.45	4.43	5.56	5.07	4.18
Total Expenditure	7.13	6.63	6.38	6.14	4.95
Recurrent Expenditure	5.08	5.23	4.54	4.43	3.73
Of which: Interest Payments	0.67	0.76	0.90	1.01	1.13
Foreign	0.08	0.07	0.06	0.08	0.09
Domestic	0.59	0.69	0.84	0.93	1.04
Capital Expenditure and Net Lending	1.74	1.03	0.76	1.29	0.83
Transfers	0.30	0.37	1.08	0.42	0.39
Current Balance (Deficit(-)/Surplus(+))	0.36	-0.81	1.02	0.64	0.46
Primary Balance (Deficit(-)/Surplus(+))	-1.01	-1.44	0.09	-0.06	0.36
Overall Fiscal Balance (Deficit(-)/Surplus(+))	-1.68	-2.20	-0.81	-1.07	-0.77
Financing	**1.97**	**2.45**	**0.81**	**1.07**	**0.77**
Foreign	0.29	0.25	0.00	0.00	0.00
Domestic	1.68	2.20	0.81	1.07	0.77
Banking System	0.00	0.00	0.00	0.00	0.00
Non-bank Public	1.44	1.61	0.60	1.35	1.19
Others	0.24	0.27	0.21	-0.26	-0.42

Selected Macroeconomic and Social Indicators (Cont...)

Indicator	Jun-10 1/	Jun-11 1/	Jun-12 1/	Jun-13 1/	Jun-14 2/
Consolidated Government Debt Stock	**8.63**	**10.21**	**10.39**	**10.48**	**10.49**
External	1.25	1.40	1.39	1.70	1.72
Domestic	7.38	8.81	9.00	8.79	8.76
Money and Credit (Growth Rate %)					
Reserve Money	-7.18	11.88	-9.77	-12.64	-15.04
Narrow Money (M1)	-1.98	1.18	-2.54	-6.49	-6.07
Broad Money (M2)	0.60	5.61	1.35	0.71	1.66
Net Foreign Assets	-14.60	-0.81	5.37	1.34	-9.63
Net Domestic Assets	36.82	13.94	-3.31	-0.18	15.08
Net Domestic Credit	8.79	2.08	-0.87	3.55	0.88
Net Credit to Government	35.29	4.77	-128.16	-3.63	-21.89
Credit to Private Sector	-1.14	1.30	3.65	3.57	2.75
Money Multiplier for M2	7.06	5.89	5.37	4.82	3.37
Income Velocity of M2	4.71	4.86	5.07	4.90	5.26
Interest Rates (% per annum)					
Monetary Policy Rate (MPR) 4/	6.00	8.00	12.00	12.00	12.00
Repurchase Rate					
Reverse Repurchase Rate					
Treasury Bill Rate					
91-day	2.29	8.20	14.08	11.60	9.98
Inter-bank Call Rate	2.73	11.15	14.92	11.59	10.46
Deposit Rates					
Savings Rate	1.95	1.40	1.76	2.04	3.36
3-months Fixed	4.98	5.14	7.80	7.49	9.30
6-months Fixed	4.85	5.26	8.08	7.07	9.52
12-months Fixed	4.90	4.68	7.51	5.32	9.19
Prime Lending Rate	17.65	15.76	16.93	16.56	16.72
Maximum Lending Rate	22.03	22.02	23.44	24.58	25.52
External Sector					
Current Account Balance (% of GDP*)	2.95	5.21	3.02	4.50	2.26
Goods Account	8.06	10.10	8.33	9.48	6.49
Services and Income Account	-10.42	-10.45	-10.18	-9.30	-8.34
Current Transfers	5.31	5.56	4.86	4.32	4.11
Capital and Financial Account Balance (% of GDP*)	-13.28	-1.23	0.68	0.47	0.59
Overall Balance (% of GDP*)	2.87	0.29	-1.28	0.48	-2.04
External Reserves (US $ million)	37,468.44	31,890.91	35,412.50	44,957.00	37330.03
Number of Months of Import Equivalent	9.67	6.90	6.82	10.50	8.60
Debt Service Due (% of Exports of Goods and Services)					
Average Crude Oil Price (US$/barrel)	79.47	113.86	115.05	110.29	111.29
Average AFEM/DAS Rate (N/$1.00)	150.04	153.21	157.65	157.30	157.29
End of Period AFEM/DAS Rate (N/$1.00)	149.99	153.31	157.50	157.31	157.29
Average Bureau de Change Exchange Rate (N/$)	152.77	156.95	161.22	159.66	169.49
End of Period Bureau de Change Exchange Rate (N/$)	153.50	159.00	164.00	162.00	168.00
Capital Market					
All Share Value Index (1984=100)	25,384.14	24,980.20	21,599.57	36,164.31	42,482.48
Value of Stocks Traded (Billion Naira)	437.00	373.50	468.17	591.70	579.30
Aggregate Market Capitalization (Trillion Naira)	8.22	11.20	12.40	17.43	19.09
Social Indicators					
Population (million)	158.90	163.99	169.23	172.17	174.83
Population Growth Rate (%)	3.20	3.20	3.20	3.20	3.20
Life Expectancy at Birth (Years)	NA	NA	NA	NA	NA
Adult Literacy Rate (%)	NA	NA	NA	NA	NA
Incidence of Poverty 5/	NA	NA	NA	NA	NA

1/ Revised

2/ Provisional

3/ Core Inflation is measured as the rate of change of all-item Consumer Price Index (CPI) less farm produce.

4/ MPR replaced MRR with effect from December 11, 2006.

5/ The incidence of poverty in Nigeria was projected to increase from 65.6 per cent in 1996 to 70.0 per cent in 2000. However, the result of a Nigeria Living Standard Survey of 2003/2004 from NBS (former FOS), showed that the incidence of poverty declined to 54.4 per cent in 2003/2004.

**Figures and computations for are from/based on newly rebased GDP figures, comprising 44 activity sectors.*

NA indicates not available

CENTRAL BANK OF NIGERIA
REPORT FOR THE FIRST HALF OF 2014

1.0 Introduction

The focus of monetary policy in the first half of 2014 remained the sustenance of monetary and price stability. Consequently, the framework for monetary management remained an eclectic approach, involving a combination of interest rate and monetary aggregate, with the monetary policy Rate (MPR) serving as the anchor for short-term interest rates. To address liquidity surfeit in the banking system, the Bank strengthened and sustained its tight monetary policy measures in the first half of 2014 to achieve the objectives of monetary policy consistent with the real gross domestic product growth target of 7.02 per cent for fiscal 2014. The strengthening of the policy stance was intended to stem the likely inflationary pressures from the huge injection from the 2014 Federal Government budget of ₦4.96 trillion, which resulted in a sizeable deficit of ₦325.11 billion in the review half year. In addition, liquidity injections into the banking system from AMCOM operations, matured securities, and monthly statutory revenue releases exerted pressure on the foreign exchange market, thus warranting the sustenance of a tight monetary policy stance to stabilize the naira. As in previous periods, the main instrument of monetary management was open market operations (OMO) complemented by discount window operations, reserve requirements, primary market transactions and interventions in the foreign exchange.

The major monetary policy benchmarks for 2014 and the provisional outcome as at the end of the first half are shown below:

Table 1
Monetary Policy Benchmarks and Outcomes
(Growth in % except otherwise stated)

Key Variables	2011		2012		2013		June, 2014	
	Bench mark	Outcome	Bench mark	Outcome	Bench mark	Outcome	Bench mark	Outcome
Broad Money Growth (M2)	13.75	15.40	24.64	16.39	18.38	1.42	14.5	1.7
Narrow Money Growth (M1)		21.49	34.71	19.07	18.38	-12.98	11.0	-6.1
Base Money (Reserve) Growth	12.67	50.85	8.23	33.06	8.69	-25.28	16.7	-15.0
Aggregate credit to the domestic economy Growth (Net)	27.69	42.43	52.17	-7.22	47.57	9.40	28.5	0.9
Credit to Government Growth (Net)		52.65	61.47	-393.81	66.59	4.56	58.54	-21.9
Credit to the private sector Growth	29.09	31.58	47.50	6.83	46.20	7.14	15.85	2.8
Inflation rate	10.10	10.30	11.20	12.00	9.58	8.40***	7.5	8.2
Real GDP Growth	7.20	7.69	7.33	6.58	7.44	6.72**	7.02	6.38

*Monetary aggregates annualized as at June, 2013; **2nd Quarter growth rate; ***June 2013 inflation rate.

2.0 OPERATIONS OF THE CENTRAL BANK OF NIGERIA

2.1 Liquidity Management

The Bank maintained a tight monetary policy stance during the first half of 2014, focused at achieving the objectives of monetary and price stability. Accordingly, the Bank employed a range of instruments to manage the liquidity arising from fiscal injections into the banking system and its effects on the general price level. The measures included: retention of the MPR at 12.0 per cent with a symmetric corridor of +/-200 basis points; LR at 30.0 per cent; a band of +/- 3.0 per cent; mid-point of the exchange rate at ₦155/US$ and increase in the CRR on public sector deposits from 50.0 to 75.0 per cent, and private sector deposits from 12.0 to 15.0 per cent. Consequently, reserve money, which stood at ₦5, 558.92 billion at end- December 2013, contracted by 15.0 per cent to ₦4, 723.07 billion at end-June 2014. This was, however, ₦383.80 billion or 7.5 per cent above the second quarter indicative benchmark of ₦5,106.87 billion.

Open market operations (OMO) remained the Bank's primary tool of liquidity management. This was complemented by reserve requirements, discount window operations, standing facilities, and CBN bills. Also, the Bank intervened in the foreign exchange market under the retail Dutch Auction System (rDAS) (spot, forwards, BDCs), at the inter-bank segments. In addition, primary market transactions in government securities continued to be deployed in monetary management.

2.2 Monetary Policy Committee (MPC) Decisions

The Monetary Policy Committee (MPC) held three (3) regular meetings in the first half of 2014, specifically in January, March and May. A summary of the key decisions of the Committee are presented hereunder:

Date of Meeting	Type of Meeting	Decisions
January 20 - 21, 2014	Regular	• Retained MPR at 12.0 per cent with interest rate corridor of +/- 200 basis points • Retained Liquidity Ratio at 30.0 per cent • Increased public sector CRR from 50.0 to 75.0 per cent • Retained private sector CRR at 12.0 per cent • Took immediate steps to redress the supply-demand imbalance in the BDC segment while maintaining focus on anti-money laundering (AML) activities.
March 24 – 25, 2014	Regular	• Retained MPR at 12.0 per cent with interest rate corridor of +/- 200 basis points • Increased CRR on private sector deposits by 300 basis points to 15.0 per cent.
May 19 – 20, 2014	Regular	• Retained MPR at 12.0 per cent with interest rate corridor of +/- 200 basis points • Retained public sector CRR at 75.0 per cent and private sector CRR at 15.0 per cent

2.3 Developments in the Payments System

To further improve the National Payments System, the Bank carried out the following activities:

- Introduced Bank Verification Number (BVN) to address the challenge of absence of a unique identifier in the Nigerian banking industry. The BVN would enhance the effectiveness of the "Know Your Customer" (KYC) principle, with its associated benefits in the reduction of fraud and credit risk; and growth of credit and related products;
- Sensitisation campaigns on the cash-less policy initiative in preparation for its take-off in the remaining 30 states of the Federation;
- Revision of the guidelines for e-card issuance and usage in Nigeria; and
- Implementation of industry e-reference portal to enhance processing of customers' accounts references.

Box 1: Bank Verification Number

The CBN in collaboration with the Bankers' Committee, introduced the Bank Verification Number (BVN) with biometric solution, as a unique identifier for all bank customers and is aimed at revolutionizing the payments system in the country. The BVN authentication is targeted at addressing absence of a unique identifier in the banking industry; check cybercrime, ATM and other related financial frauds; and avoid losses of customers' funds through compromise of Personal Identification Numbers (PIN) and identity theft. The BVN would also ensure accountability, enhance credit supply as borrowers' identity is easily tractable, and encourage financial inclusion.

The BVN enables one person to have a single identity within the financial system irrespective of the number of accounts within multiple banks and the enrolment process would be done only once.

The enrolment of bank customers for BVN would commence in the second half of 2014 with end-December as the deadline. Thereafter, customers would no longer be able to operate their bank accounts without the BVN.

2.3.1 Retail Payments System

2.3.1.1 Cheques

In the first half of 2014, the volume and value of cheques cleared decreased by 13.5 and 8.9 per cent to 7,144,340 and ₦3,710.7 billion, respectively, from 8,257,330 and ₦4,073.2 billion in the second half of 2013. The development was attributed to the steady rise in the use of e-payment channels.

Figure 1
Volume of Cheques Cleared
(Million)

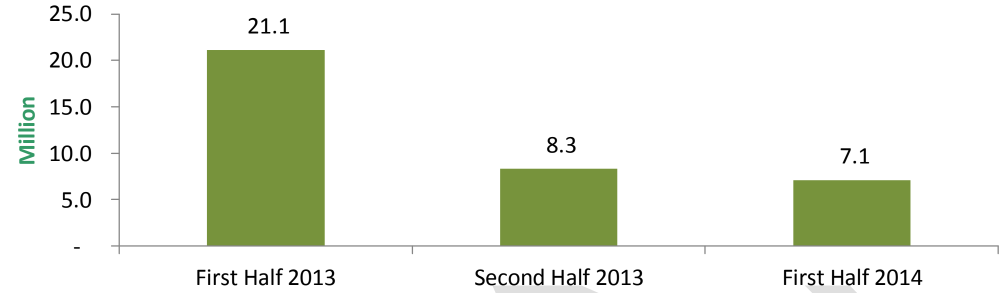
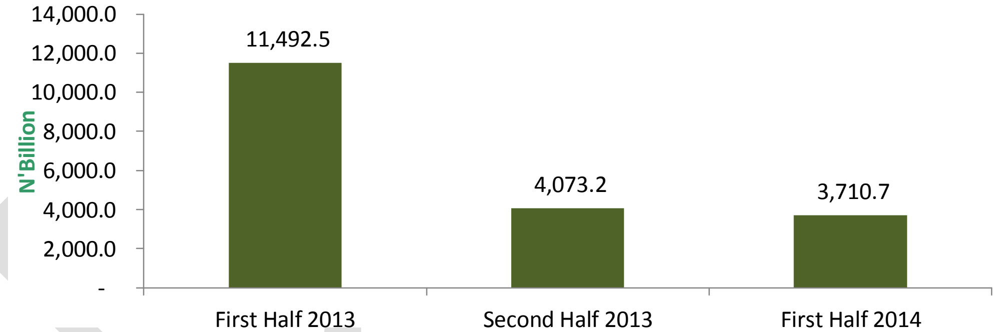


Figure 2
Value of Cheques Cleared
(₦' Billion)



2.3.1.2 Electronic Payments

The volume and value of electronic payments rose by 13.0 and 10.2 per cent to 199,324,309 and ₦1,944.6 billion, respectively, in the first half of 2014, from 176,446,592 and ₦1,764.0 billion in the second half of 2013. A breakdown of e-payment channels indicated that ATM remained the most patronised, accounting for 88.1 per cent, followed by mobile payments and PoS terminal, with 6.3 and 4.5 per cent, respectively. The web (internet) was the least patronised, accounting for 1.1 per cent of the total. In terms of value, ATM accounted for 84.5 per cent; mobile payments, 7.2 per cent; PoS, 7.1 per cent; and the web (Internet), 1.2 per cent.

Figure 3
Classification of Electronic Payments by Volume
(First Half 2014)

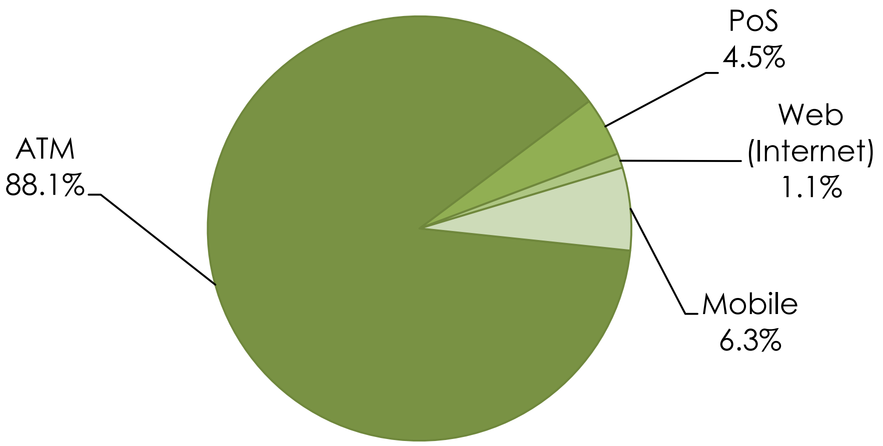


Figure 4
Classification of Electronic Payments by Value
(First Half 2014)

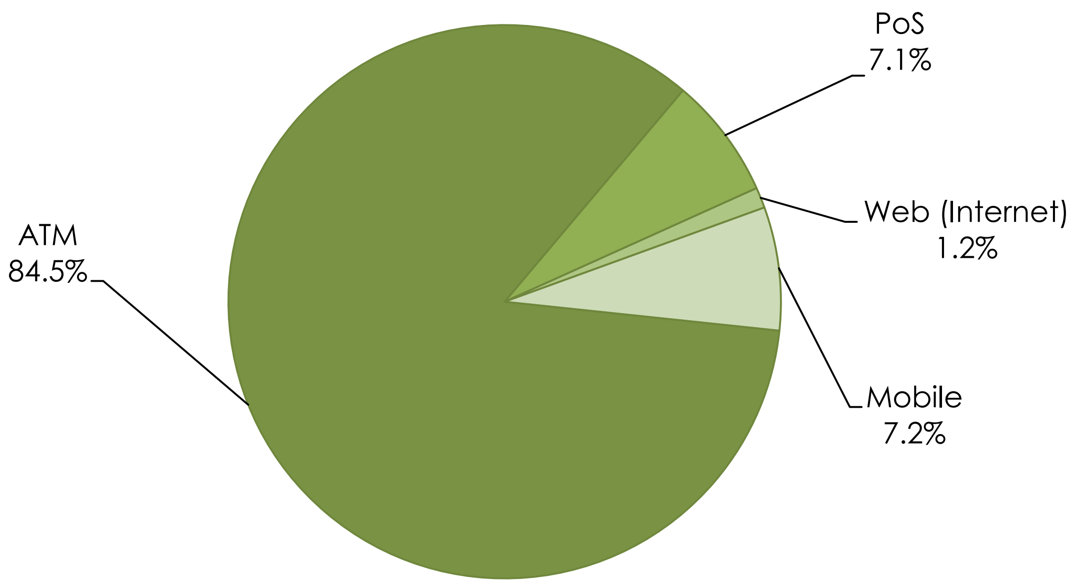


Figure 5
Volume of Electronic Payments
(Million)

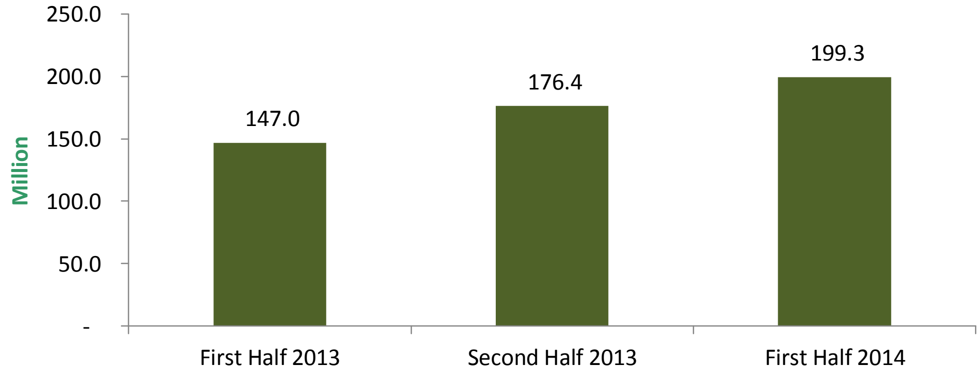
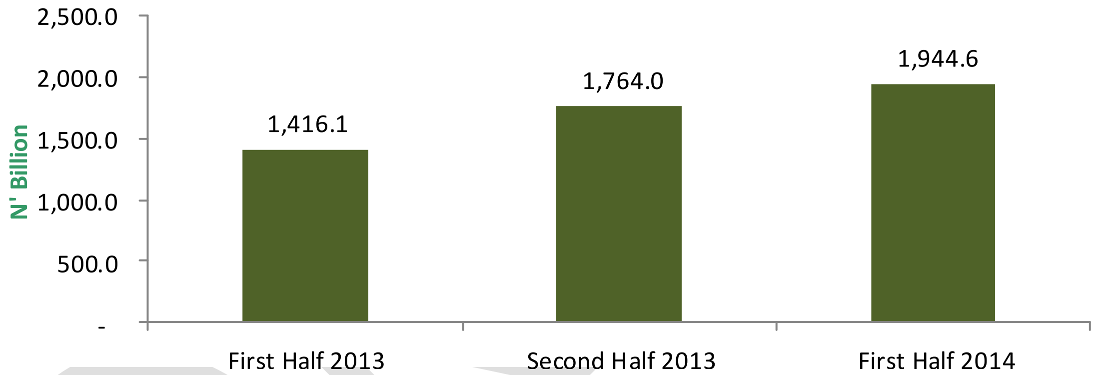


Figure 6
Value of Electronic Payments
(₦'Billion)



2.3.1.2.1 ATM Transactions

The number of ATMs deployed stood at 14,764 at end-June 2014, representing 15.8 per cent increase above 12,755 at end-December 2013. ATM transactions increased in both volume and value by 10.6 and 6.1 per cent to 175,506,932 and ₦1,636.4 billion in the first half of 2014, from 158,629,927 and ₦1,542.6 billion in the second half of 2013, respectively.

Figure 7
Volume of ATM Transactions
(Million)

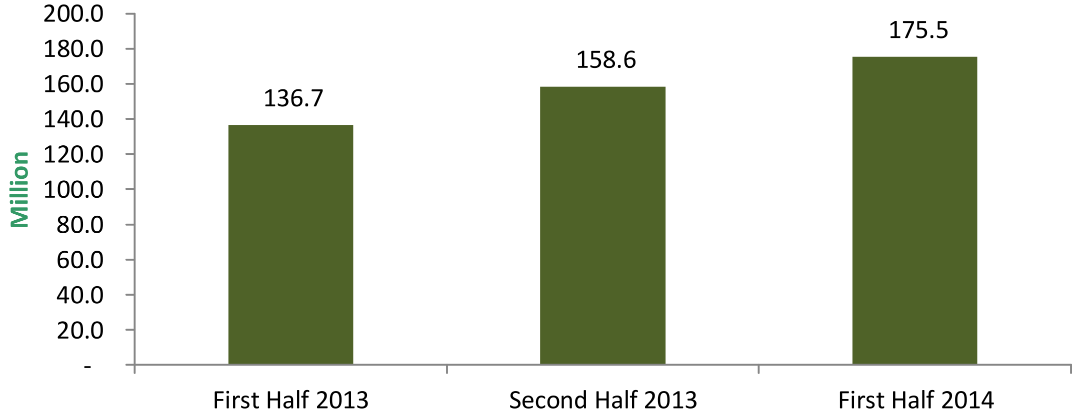
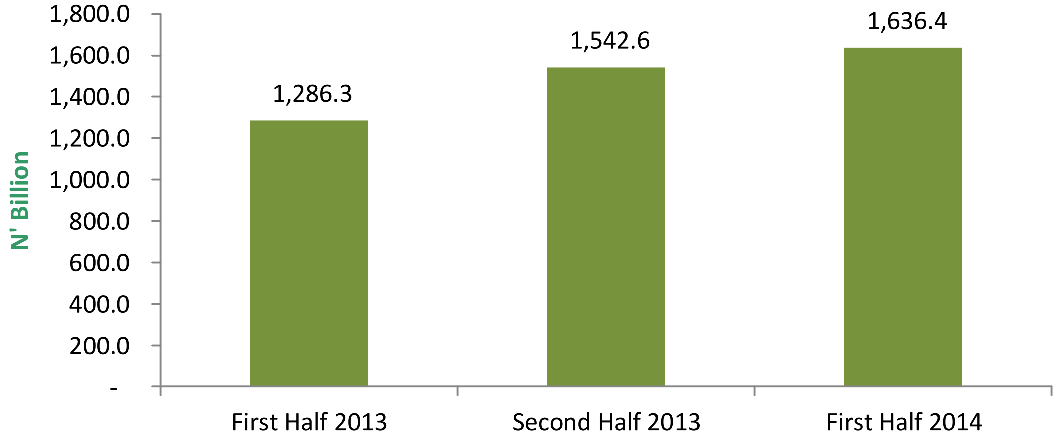


Figure 8
Value of ATM Transactions
(₦' Billion)



2.3.1.2.2 Web Transactions

The volume and value of web (internet) transactions in the first half of 2014 increased by 24.5 and 15.6 per cent to 2,230,353 and ₦30.7 billion, from 1,791,988 and ₦26.6 billion in the second half of 2013, respectively. The development was as a result of increased awareness and acceptance of this mode of payment.

Figure 9
Volume of Web Transactions
(Million)

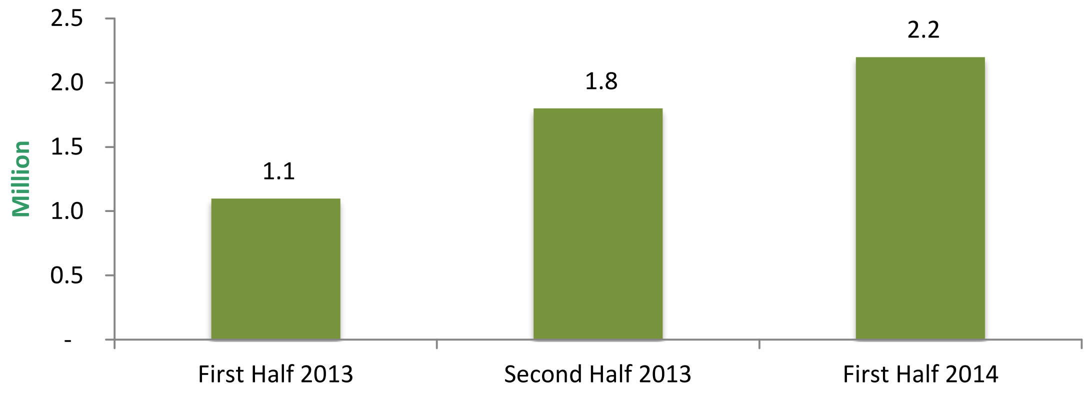
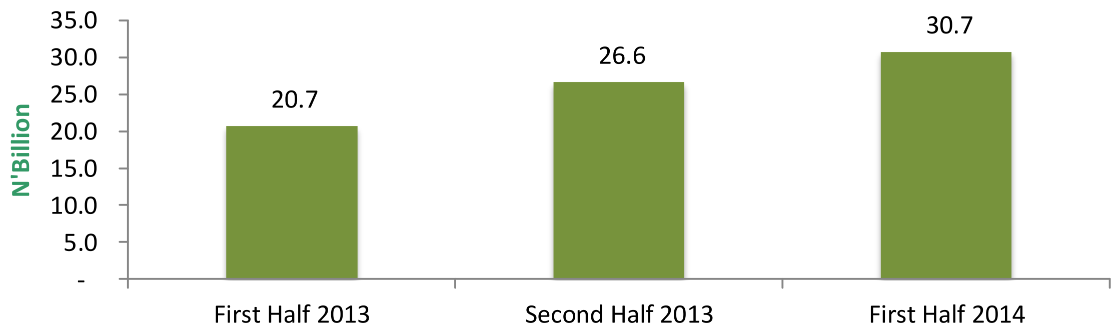


Figure 10
Value of Web Transactions
(₦'Billion)



2.3.1.2.3 Point of Sale (PoS) Transactions

The number of PoS terminals deployed increased slightly by 1.4 per cent to 121,886 at end-June 2014 from 120,191 at end-December 2013. PoS transactions increased in both volume and value by 44.8 and 32.7 per cent to 8,971,501 and ₦137.7 billion in the first half of 2014, from 6,194,467 and ₦103.8 billion in the second half of 2013, respectively. The development was attributed to increased public awareness and usage of the channel.

Figure 11
Volume of PoS Transactions
(Million)

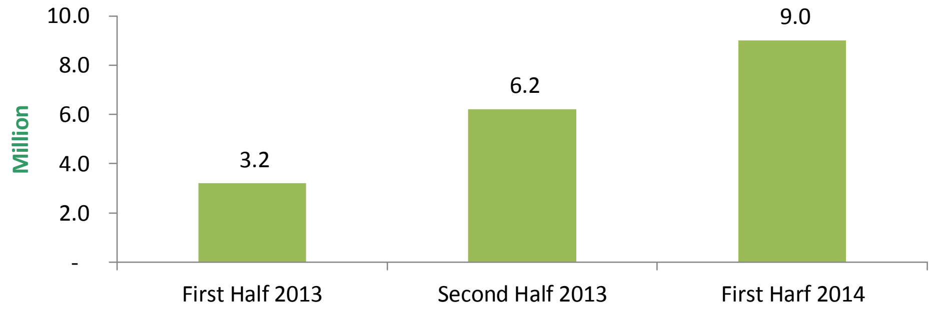
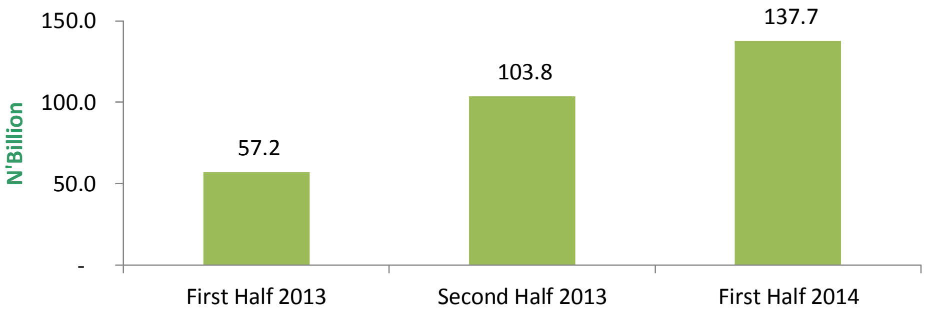


Figure 12
Value of PoS Transactions
(₦'Billion)



2.3.1.2.4 Mobile Payments

The volume of mobile payments increased by 27.9 per cent to 12,575,523 in the first half of 2014 over the level in the second half of 2013. Also, the value rose by 53.5 per cent to ₦139.7 billion above the level in the preceding period. The increase was due to the effect of the sensitisation on the use of mobile payments as alternative and easier mode of payment.

Figure 13
Volume of Mobile Transactions
(Million)

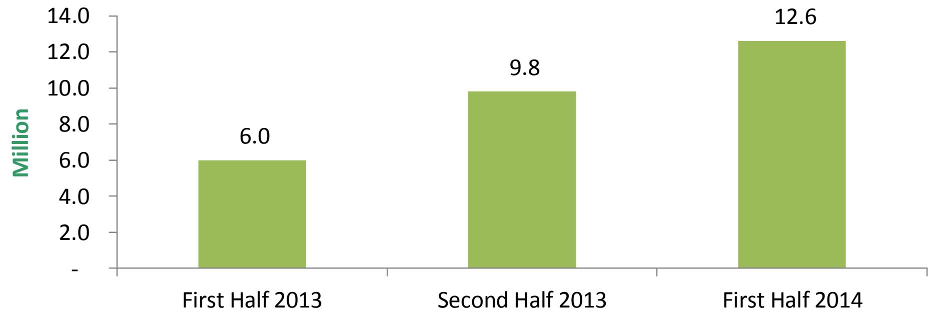
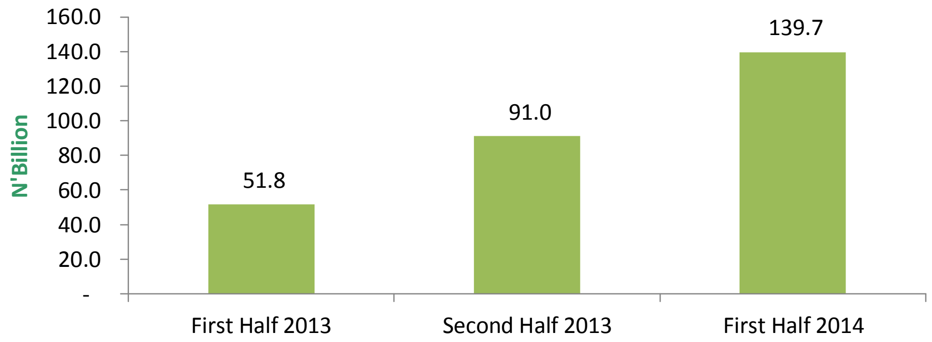


Figure 14
Value of Mobile Transactions
(₦' Billion)



2.3.2 Wholesale Payments System

2.3.2.1 Real Time Gross Settlement (RTGS) System

The volume and value of inter-bank transfers through the Real-Time Gross Settlement (RTGS) system increased by 61.0 and 37.8 per cent to 323,414 and ₦78,011.7 billion, respectively, at end-June 2014, from 200,918 and ₦56,610.7 billion in the second half of 2013. This indicated enhanced efficiency in the system following the upgrade of the RTGS in December 2013.

Figure 15
Volume of RTGS Transactions
(Million)

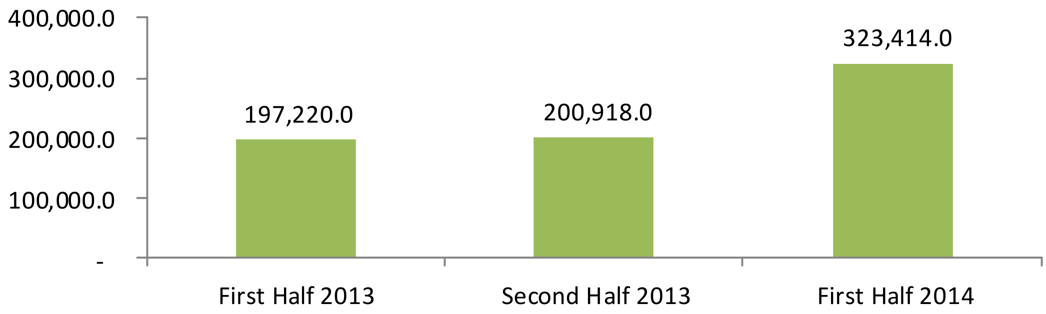
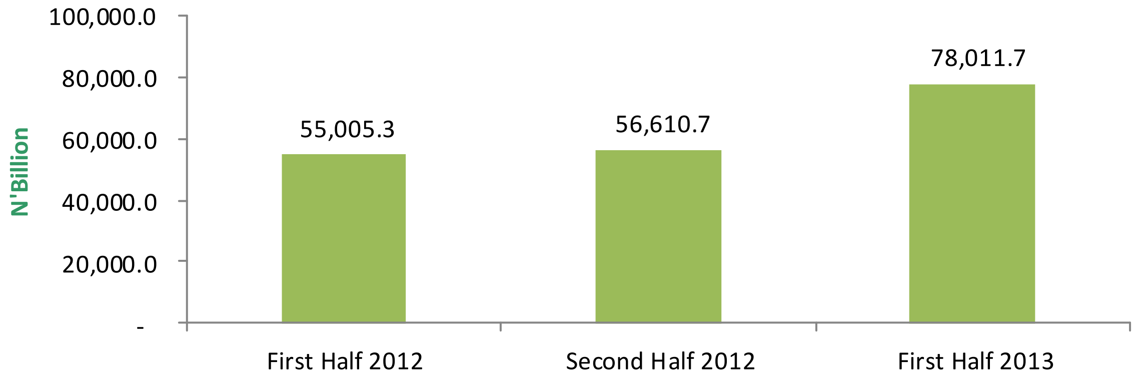


Figure 16
Value of RTGS Transactions
(₦' Billion)



2.3.2.2 Nigeria Interbank Settlement System Instant Payment (NIP)

The volume and value of NIP transactions rose by 50.5 and 37.1 per cent, to 16,839,648 and ₦9,137.8 billion, respectively, in the first half of 2014, from 11,186,930 and ₦6,666.2 billion in the second half of 2013. The increased patronage was attributed to users' preference for instant settlement.

Figure 17
Volume of NIP Transactions
(Million)

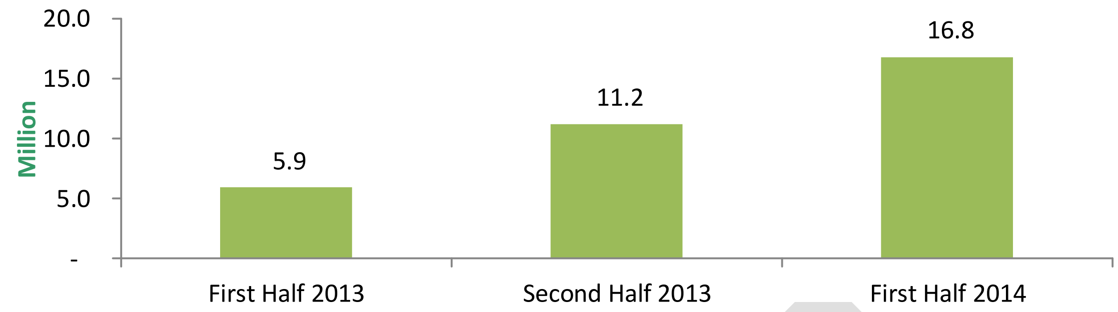
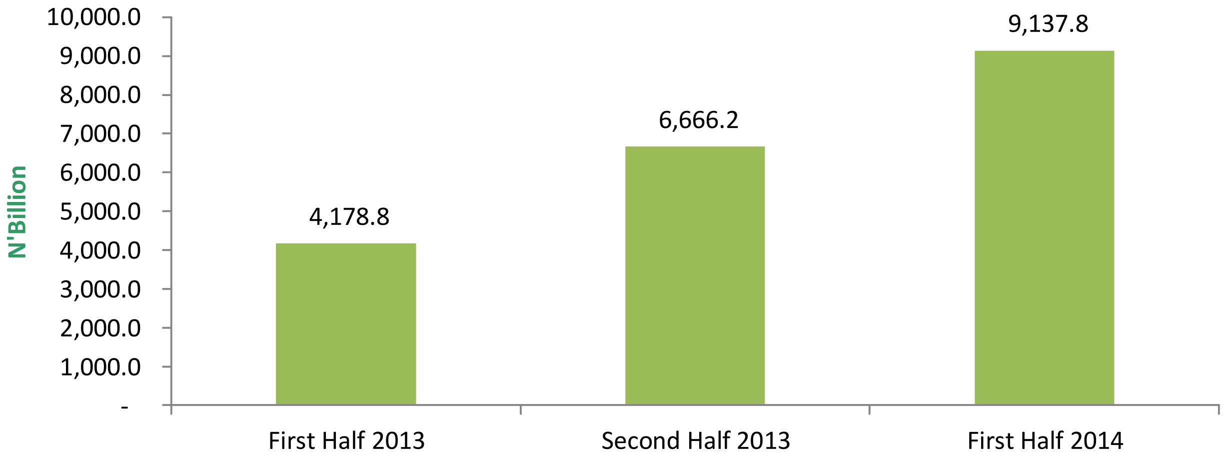


Figure 18
Value of NIP Transactions
(₦'Billion)



2.3.2.3 Nigeria Interbank Settlement System Electronic Fund Transfer (NEFT)

In the review period, the volume and value of NEFT transactions decreased by 11.5 and 2.8 per cent to 14,260,732 and ₦7,356.9 billion, from 16,115,171 and ₦7,569.2 billion, respectively, in the second half of 2013. The decline was attributed to users' preference for NIP and RTGS platforms which were real-time online.

Figure 19
Volume of NEFT Transactions
(Million)

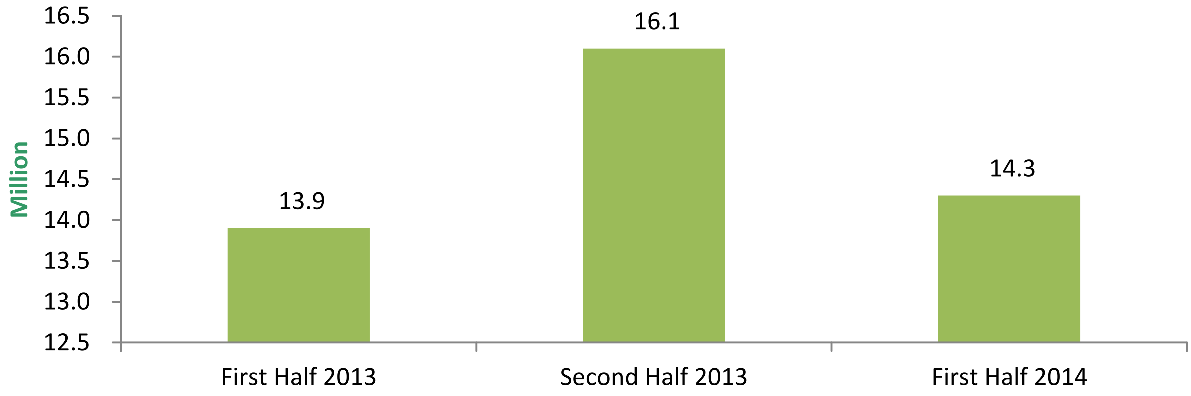
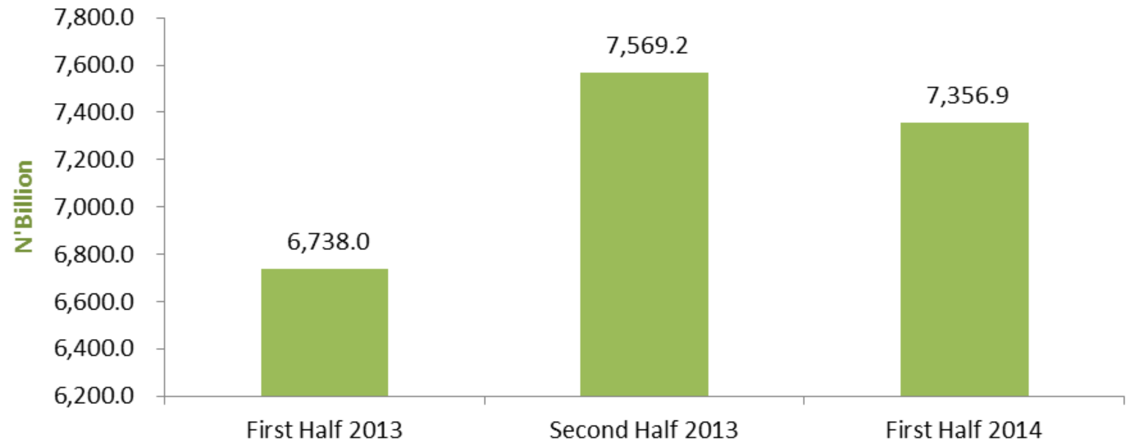


Figure 20
Value of NEFT Transactions
(₦'Billion)



2.3.3 CURRENCY OPERATIONS

2.3.3.1 The Issue of Legal Tender

The Bank approved an indent of 1,760.1 million, 29.6 per cent lower than the 2,501.72 ordered in 2013. This was expected to meet the currency needs of the economy in 2014. The entire indent of 1,760.1 million pieces of banknotes was ordered from the Nigerian Security Printing and Minting (NSPM) Plc, 5.5 per cent below the 1,861.7 pieces for 2013.

In the first half of 2014, NSPM Plc delivered 229.8 million pieces or 13.1 per cent of the total ordered, compared with 149.2 million pieces or 8.0 per cent delivered in the corresponding half of 2013. Of the total 620 million pieces of banknotes awarded to foreign printers in December 2013, 330.8 million pieces or 53.3 per cent were received, while 8.98 million pieces of good-overs of ₦100, ₦20 and ₦10 notes were from various foreign printers at end-June 2014.

The Bank continued the clean notes policy in the first half of 2014 through the sorting and withdrawal of old and used banknotes activities, replacing them with new ones. A total of 150,445 boxes valued at N965.8 billion were processed, while 144,313 boxes valued at ₦4,054.9 million were audited. Thus, the number of boxes processed and audited increased by 50.3 and 53.7 per cent, respectively, over the levels in the corresponding half of 2013. Furthermore, 147,987 boxes of unfit notes, valued at ₦608.4 billion, consisting of various denominations, were withdrawn and destroyed in the first half of 2014, compared with 25,913 boxes, valued at ₦329.3 billion in the first half of 2013.

To ensure the successful implementation of the Nigerian Cash Holding Scheme, the Bank finalized arrangements to commence engagement with stakeholders, including DMBs, NIBSS, cash-in-transit (CIT) and sorting companies. The exercise was to revalidate the implementation model and elicit stakeholders' commitment to the project. Also, as part of the implementation plan, the procedures for custody of CBN cash with third-party companies were being reviewed. Upon completion, the Scheme would reduce the cost of cash management; improve on demand planning and supply forecasting; and enhance efficiency in processing and distribution on shared services through an integrated cash management platform.

2.3.3.2 Currency-in-Circulation (CIC)

Currency-in-circulation (CIC) at end-June 2014 stood at ₦1,497.14 billion, representing an increase of 5.0 per cent over the level at end-June 2013.

Specifically, there were 4,914.3 billion pieces of banknotes and 1,998.7 pieces of coins worth ₦1,495.90 billion and ₦1.24 billion, respectively. This showed an increase in the value of banknotes and coins in circulation by 5.0 and 0.2 per cent over the levels in the corresponding first half of 2013. The growth in CIC reflected the dominance of cash in the economy and increase in economic activities consistent with its historical trend.

The ₦5, ₦10, ₦20 and ₦50 banknotes accounted for 55.2 per cent of the number of banknotes in circulation and represented 3.7 per cent of the value of banknotes in circulation. At end-June 2014, the ₦200 and ₦20 banknotes in circulation fell by 48.9 and 5.3 per cent, respectively, while the ₦1000, ₦500, ₦100, ₦50, ₦10 and ₦5 denominations rose by 10.5, 3.0, 4.9, 19.3, 32.1 and 13.6 per cent, respectively, over the levels in the first half of 2013.

Table 2
Structure of the CIC

Table 2 :Currency Structure, 2010 - June 2014

Coins	2010		2011		2012		Jun-13		Jun-14	
	Volume (million)	Value (₦ billion)	Volume (million)	Value (₦ billion)	Volume (million)	Value (₦ billion)	Volume (million)	Value (₦ billion)	Volume (million)	Value (₦ billion)
₦2	107.83	0.22	107.87	0.22	107.82	0.22	107.68	0.21	107.49	0.21
₦ 1	530.11	0.53	581.23	0.58	616.31	0.62	616.24	0.62	616.37	0.62
50k	434.48	0.22	529.72	0.26	581.07	0.29	579.50	0.29	579.77	0.29
25k	196.53	0.049	339.12	0.08	347.80	0.087	347.80	0.087	348.23	0.087
10k	212.82	0.021	302.89	0.03	315.31	0.032	315.31	0.031	315.55	0.032
1k	48.74	0.0048	12.75	0.08	16.70	0.0017	16.70	0.0017	31.24	0.0031
Sub Total	**1,530.51**	**1.04**	**1,873.58**	**1.26**	**1,985.01**	**1.25**	**1,983.23**	**1.24**	**1,998.65**	**1.24**
Notes										
₦1000	663.76	663.7	959.45	959.45	1,071.32	1,071.32	954.72	954.72	1,055.14	1,055.14
₦500	1,027.78	513.89	726.22	363.10	714.98	357.49	599.75	299.87	617.86	308.93
₦200	501.27	100.25	621.75	124.31	605.34	121.07	449.90	90.00	229.86	45.97
₦100	341.12	34.11	507.90	50.77	355.92	35.59	286.20	28.62	300.12	30.01
₦50	782.27	39.11	777.94	38.89	351.63	17.58	433.07	21.65	516.55	25.83
₦20	752.65	15.1	788.67	15.77	974.93	19.50	1,125.14	22.50	1,065.56	21.31
₦10	680.61	6.81	789.13	7.89	546.91	5.47	463.81	4.64	612.53	6.13
₦5	837.93	4.19	865.38	4.33	490.37	2.45	455.03	2.27	516.72	2.58
Sub-Total	**5,587.39**	**1,377.16**	**6,036.43**	**1,564.50**	**5,111.40**	**1,630.47**	**4,767.62**	**1,424.27**	**4,914.34**	**1,495.90**
Total	**7,117.90**	**1,378.20**	**7,910.01**	**1,565.76**	**7,096.41**	**1,631.72**	**6,750.85**	**1,425.51**	**6,912.99**	**1,497.14**

Source: CBN

2.4 Financial Sector Surveillance

2.4.1 Banking Supervision

During the review period, the CBN intensified its supervisory and surveillance activities on the banking sector with the overall objective of promoting the health of the financial institutions. To this end, the Bank adopted various approaches, including regular review of banks' periodic returns, spot checks, on-site monitoring and special investigations.

The Bank concluded an on-site examination of a foreign subsidiary of a bank as part of its oversight of cross-border activities. In addition, AML/CFT spot check on thirteen (13) banks was carried out to ascertain their compliance with the extant laws and regulations. Sequel to the exercise, five (5) banks were sanctioned for contravening various AML/CFT laws and regulations.

The CBN continued its effort to enhance capacity and information sharing among supervisors during the review period. The Bank hosted officials of the Bank of Tanzania on a study tour on regulation and supervision of development finance institutions. It also hosted officials of the Bank of Uganda to discuss avenues for enhancing oversight of cross-border operations of banking groups. Furthermore, the CBN hosted the inaugural meeting of the College of Supervisors on the United Bank for Africa Group in Abuja, Nigeria. The College of Supervisors for the West African Monetary Zone (CSWAMZ) also held two (2) meetings in January and April in The Gambia and Ghana, respectively, to review supervisory practices and health of the financial institutions in the sub-region.

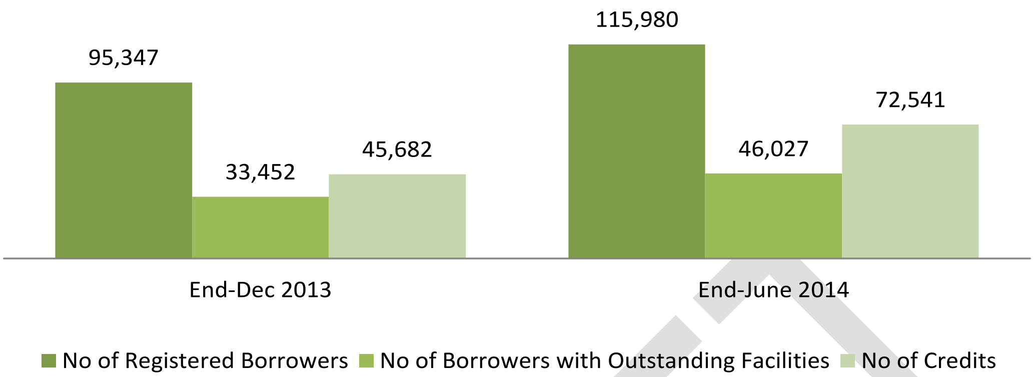
The CBN, in collaboration with Enhancing Financial Innovation and Access (EFInA), a non-governmental organization; and the Islamic Finance Council, UK, organized a 4-day capacity building programme for Nigerian sharia scholars. The objective of the programme was to develop skills of Sharia scholars on conventional banking and finance practices and of Islamic finance. In addition, the CBN participated in several other meetings of the International Islamic Liquidity Management Corporation (IILM) and the Islamic Financial Services Board (IFSB). The meetings resolved to develop guidance notes to the adoption of Basel III liquidity standards and the revised core-principles for Islamic finance regulation, among others.

The implementation of the 2010 banking reform initiatives continued during the review period. Access Bank Plc was issued with a commercial banking licence with international authorization, while First Bank Plc obtained HoldCo and commercial banking licences with international authorization. In addition, Associated Discount House was granted approval-in-principle (AIP) to convert to a merchant bank. Also, Union Bank of Switzerland AG (UBS AG) was granted final approval to establish a representative office in Nigeria. In the other financial institutions sub-sector, 18 and 28 microfinance banks were granted AIP and final licences, respectively.

The Bank's Credit Risk Management System (CRMS) continued to provide a supportive platform for the management of credit risk in the banking industry. At end-June 2014, the number of registered borrowers in the CRMS database increased by 21.64 per cent to 115,980, compared with 95,347 at end-December 2013. The number of borrowers with outstanding facilities rose by 37.59 per cent to 46,027 during the review period compared with 33,452 at end-December 2013. Similarly, the total number of credits in the database rose by 58.79 per cent to 72,541 at end-June 2014 compared with 45,682 at end-December 2013. During the review period, forty-three (43) requests on customers' credit records in the CRMS were processed, compared with fifty-three (53) at end-December 2013. The developments were attributed to the intensified effort on the part of the Bank to ensure compliance with CRMS guidelines.

The number of private credit bureaux (PCBs) remained at three (3) at end-June 2014, and continued to complement the CRMS in the credit administration process. The activities of the PCBs were buoyed by increased patronage by both financial and non-financial institutions during the review period.

Figure 21
Credit Risk Management System (CRMS) Statistics
(First Half 2014)



The Bank commenced a parallel-run of the Basel II alongside Basel I minimum capital adequacy computation during the first half of 2014. Consequently, banks were required to render their returns on Basel II format on a monthly basis. In addition, the submission of DMBs' Internal Capital Adequacy Assessment Process (ICAAP) documents to the Bank commenced in the review period.

2.4.2 Routine/Target Examination

A joint CBN/NDIC risk assets assessment examination of all banks was conducted to ascertain the quality of their risk assets and adequacy of loan loss provisioning for the approval of their 2013 annual accounts. Having met the required provisioning, the 2013 annual accounts of all the banks were approved. Also in the review period, twenty-three (23) banks were visited in order to monitor the implementation of recommendations made in the RBS Examination Reports as at September 30, 2013. The review showed that over eighty (80) per cent of the recommendations had been implemented by the banks, while the rest were at various stages of implementation.

Furthermore, a risk asset assessment of two (2) discount houses was carried out in the first half of 2014 to verify compliance with CBN guidelines. The outcome of the exercise led to the sanctioning of one institution for breaching the extant guidelines. A routine examination of the three (3) private credit bureaux was also conducted during the period to ascertain the level of compliance with the guidelines for the sub-sector. The major observations bordered on issues related to board and management structure, customer dispute resolution, data exchange agreements, and internal audit. Supervisory letters were issued to two (2) institutions to implement the recommendations.

2.4.3 Routine/Special Foreign Exchange Examinations

The Bank conducted the quarterly review of the foreign exchange activities of twenty (20) banks to ascertain their compliance with extant foreign exchange laws and regulations. The review covered foreign exchange operations for the period, October 1, 2013 to March 31, 2014. The major infractions by banks were: failure to issue certificates of capital importation to beneficiaries within the stipulated 24 hours of receipt; incomplete documentation for visible and invisible import trade transactions; rendition of inaccurate returns; and non-compliance with approved net open position limits. The CBN obtained responses from banks with respect to the infractions and imposed appropriate penalties.

A special investigation on the foreign exchange sales by banks to bureaux-de-change (BDCs) was carried out between January and May 2014. The focus of the exercise was to determine the aggregate foreign exchange purchase of BDCs and ascertain if they operated in accordance with subsisting foreign exchange rules and guidelines. The investigation revealed that the BDCs utilised a significant proportion of total foreign exchange sourced by banks from the official and autonomous markets. The affected institutions were sanctioned accordingly.

To enhance the skills of on-site Examiners, particularly in the area of the application of IT Audit tools, a special in-house training on ACL, SQL and advanced Excel (code named iSight Project) was carried out. Twenty- four (24) bank examiners were trained. The benefits of the training exercise were evident in recent foreign exchange examinations with the speedy, detailed and incisive analysis of spooled banks' operational backup data.

2.4.4 Banking Sector Soundness

At end-June 2014, the industry non-performing loans (NPL) ratio stood at 3.50 per cent, compared with 3.23 and 3.65 per cent at end-December 2013 and end-June 2013, respectively. The reduction in the NPL ratio relative to the corresponding period of 2013 was attributed to the improved risk management practices of banks. The industry liquidity ratio stood at 42.66 per cent at end-June 2014, compared with 50.6 and 67.8 per cent at end-December 2013 and end-June 2013, respectively. The decline was attributed to increase in CRR on both public and private sector deposits in the review period.

2.4.5 Compliance with the Code of Corporate Governance for Banks in Nigeria

The Revised Code of Corporate Governance for Banks and Discount Houses was issued by the CBN to align its provisions with current realities and global best practice, eliminate ambiguities and strengthen governance practices in the institutions. To ensure full implementation, banks and discount houses were required to render quarterly returns to the CBN. Also, as part of governance structure, non-interest banks (NIBs) were required to submit applications for approval of products and advertisement materials to the Financial Regulation Advisory Council of Experts (FRACE) on NIBs. Consequently, sixteen (16) applications from Jaiz Bank, Sterling Bank and Stanbic IBTC Bank non-interest banking windows as well as Tijara Micro Finance Bank (proposed) were approved by the Council in the review period.

2.4.6 Financial Literacy and Consumer Protection

During the review period, four hundred and twenty eight (428) new complaints were received on excess charges, frauds, dishonored guarantees, unauthorized deductions, card related and other electronic channels, compared with 759 complaints in the corresponding period of 2013. Overall, a total of 497 complaints, including those outstanding from the previous periods were resolved, compared with 88 in the corresponding period of 2013. Total claims against the banks during the period in local and foreign currencies amounted to ₦7.38 billion and US$311,359.00, respectively, compared with ₦5.73 billion and US $1.05 million at end-June 2013. Total refunds by banks stood at ₦3.87 billion and US$176,358, compared with ₦1.45 billion and US$829.22 at end-June 2013.

To strengthen the consumer complaints management and resolution process of the Bank, an automated consumer complaints management system was deployed in ten (10) selected banks for the processing of complaints. Also, a new circular reviewing the timeline from 14 to 30 days for the resolution of complaints on excess charges on loans was issued during the review period. The extension became necessary to address concerns by banks that the initial resolution time was insufficient.

The Bank conducted a compliance examination and spot check on banks to ensure compliance with the complaint management guidelines and ascertain the effectiveness of banks' complaints management systems during the review period. The exercise revealed remarkable improvements in the complaints management system of most of banks. The Bank directed defaulting banks to make appropriate refunds to affected customers effective from the date of the revised Guide to Bank Charges (GBC) and ensure strict compliance henceforth.

The Bank conducted consumer financial literacy sensitization and awareness programmes in Enugu and Ibadan in the review period. In addition, a National Baseline Survey was conducted to determine the current levels of financial literacy in the country. The outcome of the exercise was being awaited and would serve as a basis for assessing the impact of the various financial literacy initiatives on the economy.

2.4.7 Fraud and Forgery

The number of reported cases of fraud and forgeries was 5,197, involving ₦16.82 billion in the first half of 2014. This was higher than the 2,478 cases, involving ₦22.4 billion in the corresponding period of 2013. Of this amount, the actual loss incurred by banks was ₦1.72 billion, compared with ₦3.82 billion in the corresponding period of 2013. The frauds were executed through diverse means, including fraudulent withdrawals from customers' account, suppression and conversion of customers' deposit, theft, illegal funds transfer, cheque defalcations, and fraudulent ATM withdrawals. In most cases, these frauds were perpetrated by outsiders, although there were instances where bank employees were also culpable.

There was a significant decrease in the amount involved and the actual losses to the banking industry, when compared with the corresponding period in the previous year. This is the result of increased supervisory oversight, stronger internal control measures adopted by banks, and improved use of technology and a more thorough approach towards hiring employees in highly sensitive areas of banks' operations.

2.4.8 Cross Border Activities

At end-June 2014, the number of foreign subsidiaries of Nigerian banks stood at sixty-two (62), compared with sixty-five (65) at end-December 2013. Similarly, the number of representative offices of Nigerian banks abroad declined to seven (7) from eight (8) at end-December 2013. The development was due to Keystone Bank's divestment of its subsidiaries in Liberia, Sierra Leone and The Gambia.

At the end of June 2014, the Bank had conducted one (1) on-site examination of ICB Ghana, a foreign subsidiary of First Bank of Nigeria, and the report was yet to be issued. The on-site examinations of foreign subsidiaries of other banks were scheduled to take place in the second half of the year.

2.4.9 Examination of Other Financial Institutions

During the first half of 2014, on-site examination was conducted on 367 microfinance banks (MFBs), representing 43.0 per cent of the 854 existing MFBs. The examination report revealed improvement in the practice of microfinance banking business by operators and higher levels of risk management practices among the institutions.

Analysis of the reports on examination conducted in the fourth quarter of 2013 was made in the review period. The exercise revealed that the institutions had varying operational/financial challenges. Consequently, supervisory letters were issued to the institutions as follows:

- Three (3) FCs were adjudged marginal and were required to take necessary corrective actions to restore their prudential ratios to the prescribed minimum;
- Thirty (30) FCs were adjudged as unsound/insolvent and were directed to recapitalize to meet within 90 days, the adjusted minimum capital of ₦20 million stipulated in the Guidelines and take necessary actions to meet other prudential requirements; and
- Two (2) FCs undergoing restructuring were given 180 days to complete the restructuring exercise, failing which their licences would be revoked.

Following the setting up of a task force for regular monitoring of foreign exchange utilization by BDCs, spot-checks were conducted on 68 BDCs during the review period by the task force. The exercise revealed that most BDCs were operating in disregard for their operational rules and guidelines. It also showed other severe regulatory concerns in the operation of BDCs, including weak and ineffective operational structures with negative consequences on the conduct of monetary policy. Consequently, appropriate sanctions were meted to the erring institutions.

Routine examinations were also conducted on the three (3) private credit bureaux and two (2) discount houses in operation to verify compliance with extant CBN guidelines.

2.4.10 Anti-Money Laundering/Combating of Financing of Terriorism/Off-Site Risk Based Supervision (RBS) Assessment Matrix

During the review period, the Bank, with technical assistance from the International Monetary Fund (IMF), concluded the development of the Off-site Risk Assessment Methodology (ORAM). In order to finalise the framework, a pilot-test would be conducted on three selected banks, based on their size (small, medium and large), in the second half of the year. The ORAM when fully deployed would validate and streamline how the input data (Form 001) was generated as well as validate the authenticity of the AML/CFT mitigants put in place by financial institutions.

Also, a letter was issued to all banks and discount houses in the review period to re-emphasize provisions of an earlier circular on the status and reporting lines of Chief Compliance Officers of banks and discount houses. Consequently, all banks and discount houses were directed to ensure the following:

- Chief Compliance Officers (CCOs) in these institutions should have a minimum grade of General Manager in their institutions;
- The CCO should report to the Board of Directors with dotted reporting lines to the MD/CEO, without interlocking roles; and
- The compulsory attendance by the Chief Compliance Officer at the monthly meetings of the Committee of Chief Compliance Officers of Banks in Nigeria (CCCOBIN).

The primary intention of these directives was to ensure that the CCOs of banks and discount houses have sufficient authority to apply the provisions of the relevant Acts and Circulars on money laundering at all levels of their institutions.

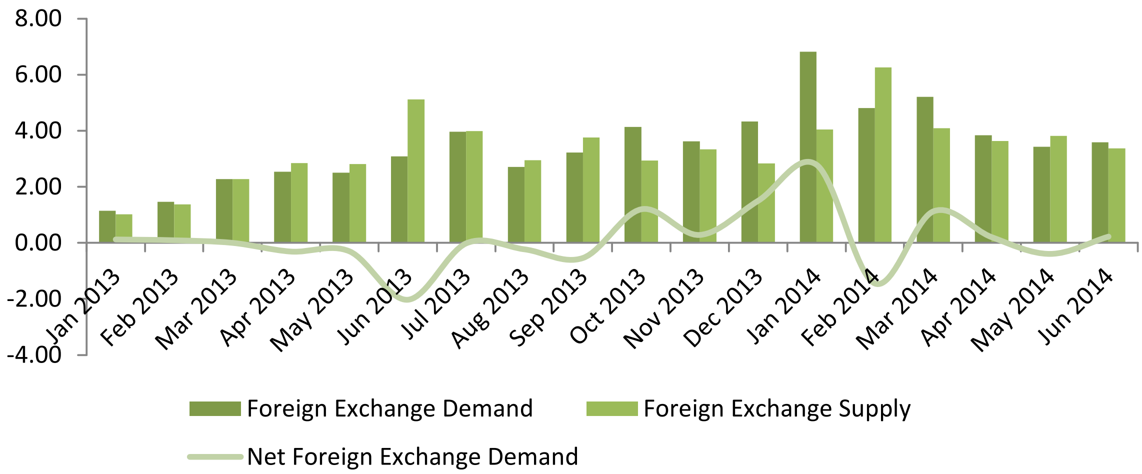
2.5 Foreign Exchange Market and Management

The Retail Dutch Auction System (rDAS) remained the mechanism for managing foreign exchange by the Bank within a band of N155/US$ ± 3%. During the review period, aggregate demand for foreign exchange grew significantly by 27.4 and 115.3 per cent to US$28.01 billion, above the levels in the preceding half year and the corresponding period of 2013, respectively. The total sales of foreign exchange to the market edged-up by 63.0 and 27.2 per cent to US$25.2 billion above the respective levels in the first and second halves of 2013. The exchange rate of the naira per US dollar at the official window remained stable, while the Bureau-de-Change (BDC) and interbank rates depreciated relative to the levels in the first and second halves of 2013.

2.5.1. Spot Segment

A total of fifty (50) auctions were held at the spot segment of the foreign exchange market, as against forty-seven (47) in the corresponding period of 2013. Aggregate demand for foreign exchange increased to US$28.01 billion in the period under review, from US$13.01 billion and US$21.99 billion in the first and second halves of 2013, respectively. The development was due to dividend repatriation by foreign firms, particularly in the first quarter of the year. A disaggregation of total demand showed that rDAS-spot amounted to US$23.91 billion (85.4%), and BDCs, US$3.52 billion (12.6%). On the supply side, the total foreign exchange sold spot was US$25.17 billion, an increase of 63.0 and 27.2 per cent, over the respective levels in the first and second halves of 2013. Of total sales, spot rDAS constituted US$17.23 billion (68.4%); BDCs, US$3.52 billion (14.0%); interbank, US$3.35 billion (13.3%). The balance was accounted for by matured rDAS forward. There was no swap transaction in the review period.

Figure 22
Demand, Supply and Net Demand of Foreign Exchange Spot Market (US$ Million)



2.5.2. Forwards Segment

A total of nine (9) auctions were held at the rDAS-forwards segment of the foreign exchange market for 1-, 2- and 3-month forwards contracts. Authorised dealers did not patronise the window in the last two months of the first half of 2014 owing to stable and favourable rates at the spot segment. The aggregate demand for rDAS-forwards in the review period amounted to US$0.58 billion, compared with US$0.21billion in the second half of 2013. The demand for 1-, 2- and 3-month tenors were US$0.30 billion, US$0.22 billion and US$0.06 billion, representing 51.4, 38.1 and 10.5 per cent of the total, respectively. The growth in demand at the rDAS-forwards window signified increased hedging activities within the review period. The Bank sold a cumulative of US$0.57 billion forwards contracts that comprised 1-month tenor, US$0.30 billion (53.3%); 2-month tenor, US$0.22 billion (39.3%); and 3-month tenor, US$0.04 billion (7.4%). In the first half of 2014, forwards contract amounting to US$1.08 billion was disbursed at maturity. The performance in the rDAS-forwards segment showed preference for the 1-month tenor due to expectation of low exchange rate risk.

2.5.3. Exchange Rate Movements

The exchange rate of the naira vis-à-vis the US dollar was relatively stable at the official window due to increased intervention by the Bank to stem demand pressure. However, the rates depreciated at the other segments of the market.

2.5.3.1. Spot Exchange Rates

The average exchange rate of the naira to the US dollar at the rDAS segment averaged ₦157.29/US$ in the first half of 2014. This represented a marginal appreciation of the naira per US dollar by 0.01 and 0.02 per cent relative to the levels in the first and second halves of 2013, respectively. However, at the interbank and BDC segments, the average exchange rate depreciated by 2.7 and 5.8 per cent to ₦162.55 and ₦169.49 per US dollar, respectively, relative to the levels in the first half of 2013. Compared with the second half of 2013, the naira fell by 1.4 and 2.5 per cent to the US dollar at the interbank and BDC segments, respectively. Consequently, the premium between the average rDAS and BDC rates widened from 5.0 per cent in the second half of 2013 to 7.8 per cent and exceeded the international benchmark of 5.0 per cent. The premium between the average interbank and rDAS rates also widened to 3.3 per cent from 0.6 and 1.9 per cent in the first half of 2013 and the preceding half year, respectively.

Figure 23
Exchange Rate Movements
(₦/US$)

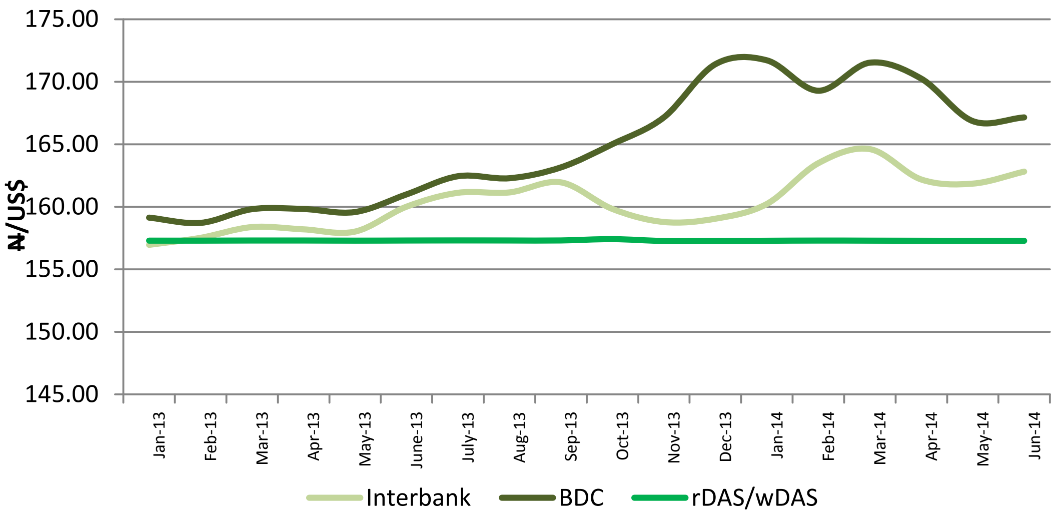
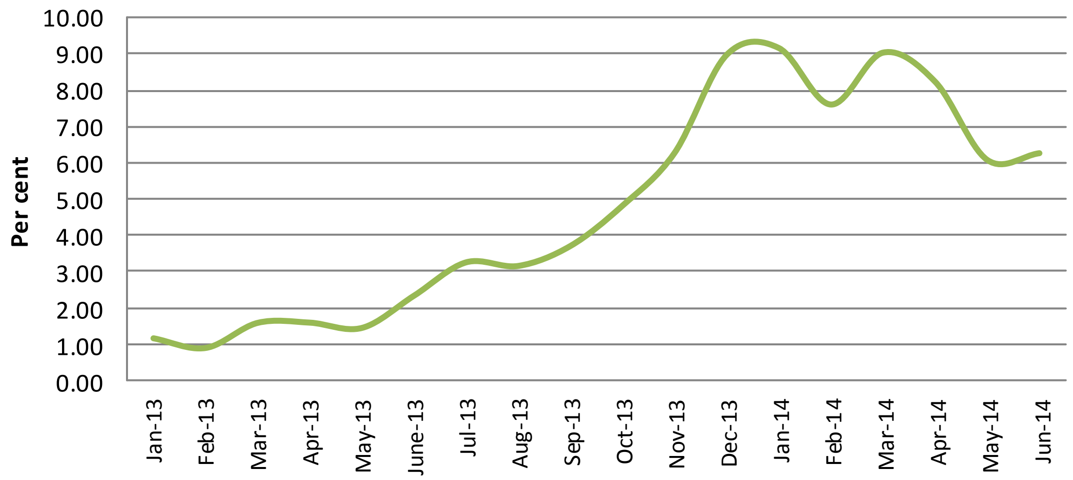


Figure 24
rDAS/Bureau-de-Change Foreign Exchange (₦/US$) Premium
(Per cent)



The end-period exchange rate of the naira against the US dollar depreciated by 0.02 and 1.9 per cent to ₦157.29/US$ and ₦162.95/US$ at the rDAS and interbank segments, respectively. It, however, appreciated by 2.4 per cent at the BDC segment to ₦168.00/US$, relative to the level at end-December 2013. In comparison with the corresponding period of 2013, the naira, at the rDAS segment, appreciated by 0.01 per cent, but depreciated by 0.2 and 3.6 per cent at the interbank and BDC segments, respectively.

2.5.4. Foreign Exchange Flows

Foreign exchange inflow through the economy grew by 6.0 and 2.4 per cent to US$75.64 billion over the respective levels in the first and second halves of 2013. Of this, inflow through autonomous sources accounted for 69.7 per cent of the total, while the balance of 30.3 per cent was through the CBN.

Autonomous inflow rose by 2.2 and 0.4 per cent to US$52.75 billion above the respective levels in the first and second halves of 2013. A disaggregation of inflow showed that invisibles accounted for US$48.83 billion; non-oil export receipts by banks, US$3.65 billion; and external accounts purchases, US$0.27 billion. Invisibles comprised over-the-counter (OTC) purchases (by banks from oil companies, capital importations, home remittances and other purchases) and ordinary domiciliary account purchases accounted for US$29.65 billion and US$19.18 billion of the total, respectively.

Total foreign exchange outflow through the economy increased by 52.7 and 18.3 per cent to US$29.09 billion, over the levels at end-June and end-December 2013, respectively.

Overall, the net foreign exchange inflow through the economy stood at US$46.55 billion, compared with US$52.32 billion and US$49.27 billion in the corresponding period and second half of 2013, respectively.

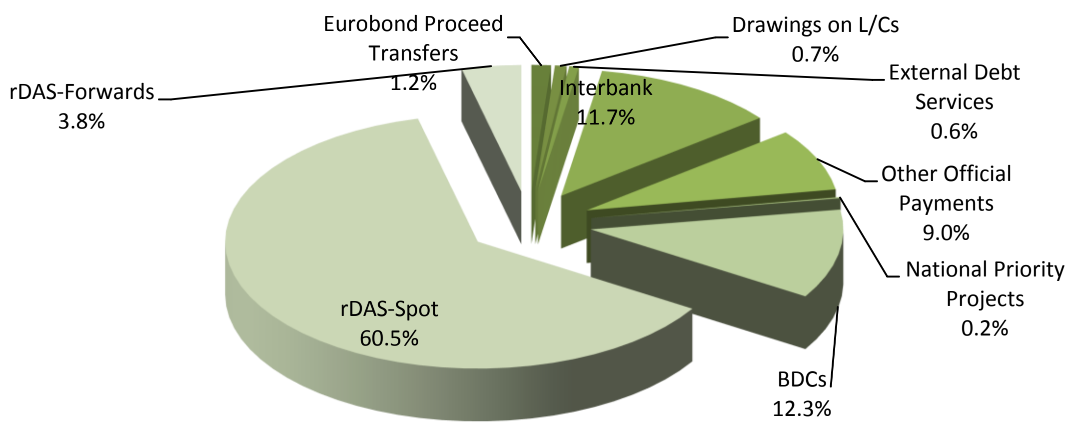
Foreign exchange inflow through the CBN grew by 15.9 and 7.3 per cent to US$22.89 billion above the levels in the corresponding and preceding half year, respectively. This was attributed to enhanced earnings from crude oil exports occasioned by favourable international crude oil prices. Of the total, receipts from crude oil sales rose by 10.8 and 16.8 per cent to US$21.03 billion above the levels in the first and second halves of 2013, respectively. The non-oil component increased by 139.9 per cent to US$1.86 billion, compared with US$0.78 billion and US$3.31 billion at end-June and end-December 2013, respectively.

The cumulative foreign exchange outflow through the Bank rose by 51.2 and 21.5 per cent to US$28.50 billion above the levels in the corresponding and the preceding half year, respectively. The development was attributed, largely, to the growth in rDAS utilisation by 63.0 and 27.2 per cent to US$25.17 billion relative to the respective levels in the first and second halves of 2013.

A disaggregation of rDAS utilisation showed that sales to rDAS-spot stood at US$17.23 billion (60.5%); interbank, US$3.34 billion (11.7%); BDCs, US$3.52 billion (12.3%); and rDAS-forwards, US$1.08 billion (3.8%).

Outflow through other official payments fell by 12.4 per cent to US$2.56 billion below the level in the first half of 2013. Of this, payments to international organisations and embassies, US$0.18 billion; parastatals and estacode, US$0.60 billion; NNPC/joint venture cash (JVC) calls, US$1.56 billion; contributions/grants, US$0.14 billion and miscellaneous items, US$0.08 billion. Furthermore, outflow through drawings on letters of credit (L/Cs) and national priority projects in the review period tapered by 4.6 and 27.6 per cent to US$0.19 billion and US$0.04 billion, respectively.

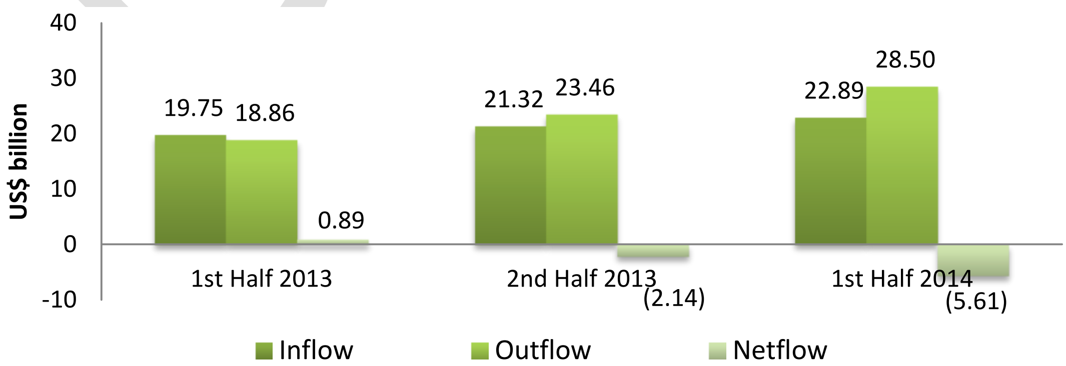
Figure 25
Foreign Exchange Disbursements through the CBN (First Half 2014)



External debt service rose by 25.0 and 18.7 per cent to US$0.18 billion above the respective levels in the preceding and corresponding periods of 2013. The Bank also transferred Eurobond proceeds of US$0.35 billion to the Debt Management Office (DMO) during the review period.

The total foreign exchange transactions through the Bank resulted in a net outflow of US$5.61 billion in the review period, compared with a net inflow of US$0.89 billion in the first half of 2013 and a net outflow of US$2.14 billion in the preceding half year.

Figure 26
Foreign Exchange Transactions through the CBN



2.5.5. Sectoral Utilisation of Foreign Exchange

Aggregate foreign exchange utilisation in the first half of 2014 increased by 16.3 and 22.1 per cent to US$32.91 billion, over the levels at end-June and end-December 2013, respectively. A disaggregation showed that import (visible) rose by 14.5 and 15.0 per cent to US$16.63 billion, compared with the respective levels in the preceding period and corresponding period of 2013. Under this category, foreign exchange utilisation for oil sector imports, manufactured products and agricultural sector, which respectively accounted for 15.7, 8.5 and 0.7 per cent of the total, rose by 16.6, 29.6 and 53.6 per cent to US$5.16 billion, US$2.78 billion and US$0.24 billion above the respective levels in the corresponding period of 2013. The amount of foreign exchange utilised for the importation in the industrial, transport and minerals sub-sectors also increased by 15.4, 24.6 and 9.5 per cent to US$4.66 billion, US$0.94 billion and US$0.18 billion, respectively. However, foreign exchange utilisation for food products fell by 3.9 per cent to US$2.66 billion from the level in the first half of 2013, and accounted for 8.1 per cent of total utilisation.

Total utilisation of foreign exchange for invisible (services) increased by 30.4 and 18.1 per cent to US$16.27 billion, compared with the levels in the corresponding period and second half of 2013, respectively. This was driven, largely, by the financial services sub-sector, which grew by 15.2 and 22.2 per cent to US$13.21 billion, over the levels at end-December 2013 and end-June 2013, respectively, and accounted for 40.2 per cent of the total. The sector was driven largely by banking and other financial services, which was 98.6 per cent of the total. The major components of the latter were asset management, (US$7.67 billion); payments and money transmission services, (US$3.17 billion); and lending, (US$1.04 billion). Deposits, guarantees and commitments, trading on own account, settlement and clearing services for financial assets, advisory and financial information accounted for the balance. As a component of financial services, insurance services (life; non-life; reinsurance and retrocession; and auxiliary services) fell by 41.9 and 37.9 per cent to US$8.66 million.

Payment for business services increased by 161.5 and 110.7 per cent to US$1.54 billion, over the levels in the corresponding period and preceding periods in 2013, respectively.

Further analysis of invisibles showed that payments for education, transport, communication, distribution, construction and engineering, and other services grew by 34.7, 32.1, 42.4, 173.5, 281.8 and 44.9 per cent to US$0.14 billion, US$0.72 billion, US$0.37 billion, US$0.05 billion, US$0.05 billion and US$0.17 billion, respectively. These accounted for 0.4, 2.2, 1.1, 0.2, 0.1 and 0.5 per cent of total utilisation, respectively. Foreign exchange payment for health related and social services, however, fell by 76.1 and 13.7 per cent below the levels in the corresponding period of 2013 and end-December 2013 to US$0.33 million.

Figure 27
Sectoral Utilisation of Foreign Exchange (Visibles)
(First Half 2014)

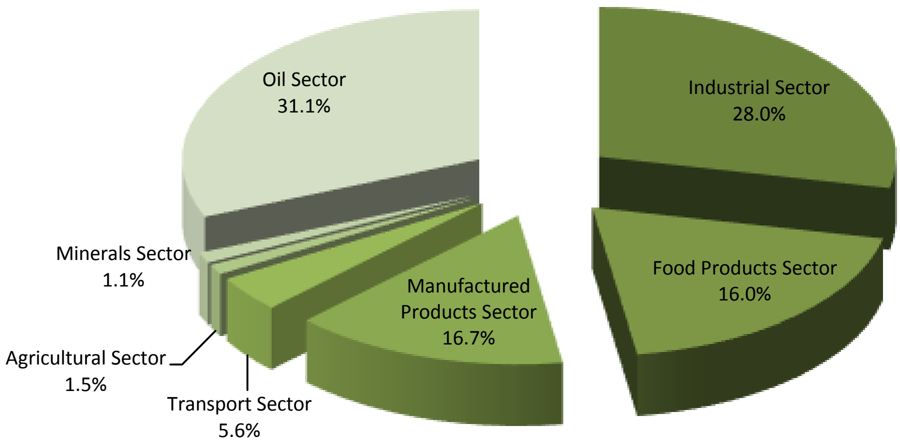
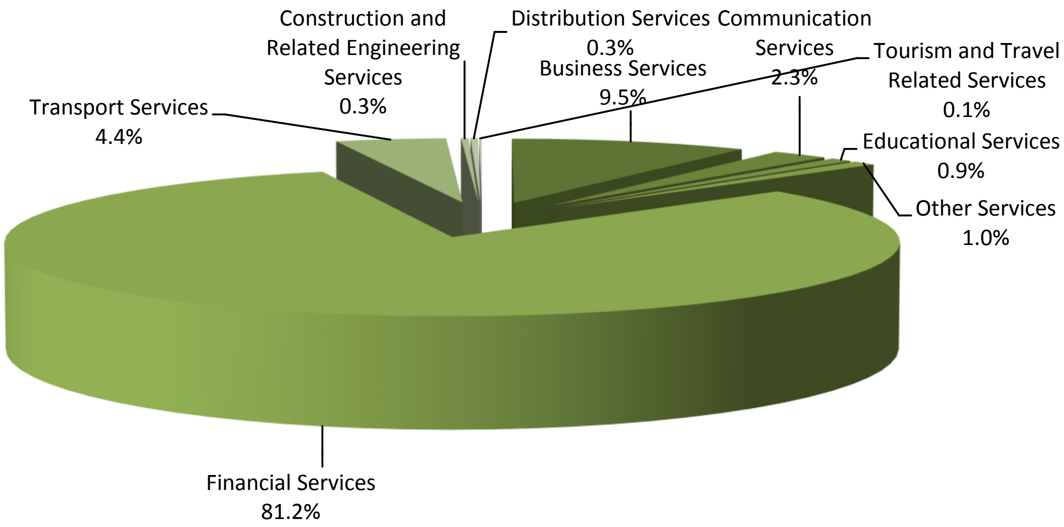


Figure 28
Sectoral Utilisation of Foreign Exchange (Invisibles)
(First Half 2014)



2.5.6. Foreign Exchange Receipts by Top Hundred (100) Exporters

Analysis of export receipts by the top 100 exporters in the country during the first half of 2014 showed that Olam Nigeria Limited retained the first ranking as the top exporter with proceeds valued at US$178.44 million from the export of sesame seeds and cocoa beans to Europe, Asia and the United States. Mamuda Industries Nigeria Limited ranked second with exports valued at US$89.53 million through the sale of leather to Italy and Hong Kong. Unique Leather Finishing Limited and Bolawole Enterprises Nigeria Limited were the third and fourth largest exporters, respectively, with the proceeds amounted to US$73.24 million and US$55.76 million realised from leather exports to Europe and cotton and cocoa beans exports to Canada, respectively. Sun and Sand Industries Africa Limited and British American Tobacco Nigeria Limited ranked fifth and sixth largest with earnings of US$47.48 million and US$46.60 million from exports of tin and aluminum alloy to Japan and tobacco products to Ivory Coast, respectively.

2.5.7 Nominal Effective Exchange Rate (NEER) and Real Effective Exchange Rate (REER) Indices

The Nominal Effective Exchange Rate (NEER) and the Real Effective Exchange Rate (REER) indices were computed based on a 13-country currency basket of Nigeria's major trading partners. In the review period, the NEER index fell by 0.07 percentage point, compared with the level at end-December 2013, while it rose by 0.44 percentage point over the level at end-June 2013. The movement in the index reflected the stability of the exchange rate and the marginal appreciation recorded at the official window during the review period.

The REER index fell by 12.22 and 13.93 per cent, compared with the level at end-December and end-June 2013. This reflected the fall in inflation in the reporting period relative to the level in the corresponding period of 2013.

Figure 29
Nominal Effective Exchange Rate (NEER) and Real Effective Exchange Rate (REER)

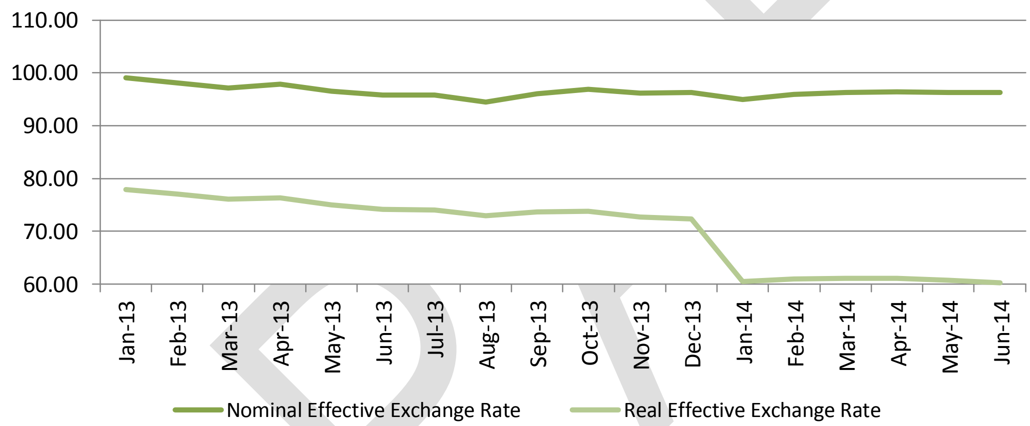


Table 3
Nominal and the Real Effective Exchange Rate indices (November 2009=100)

2013	Nominal Effective Exchange Rate	Real Effective Exchange Rate
Jan	99.05	77.84
Feb	98.12	77.08
Mar	97.16	76.10
Apr	97.88	76.34
May	96.56	75.02
Jun	95.78	74.15
Jul	95.83	74.00
Aug	94.50	72.96
Sep	96.08	73.71
Oct	96.85	73.79
Nov	96.14	72.74
Dec	96.34	72.34
2014		
Jan	94.96	60.43
Feb	95.87	60.96
Mar	96.24	61.05
Apr	96.42	61.05
May	96.29	60.07
Jun	96.27	60.22

2.6 Development Finance Operations

2.6.1 Agricultural Credit Guarantee Scheme Fund (ACGSF)

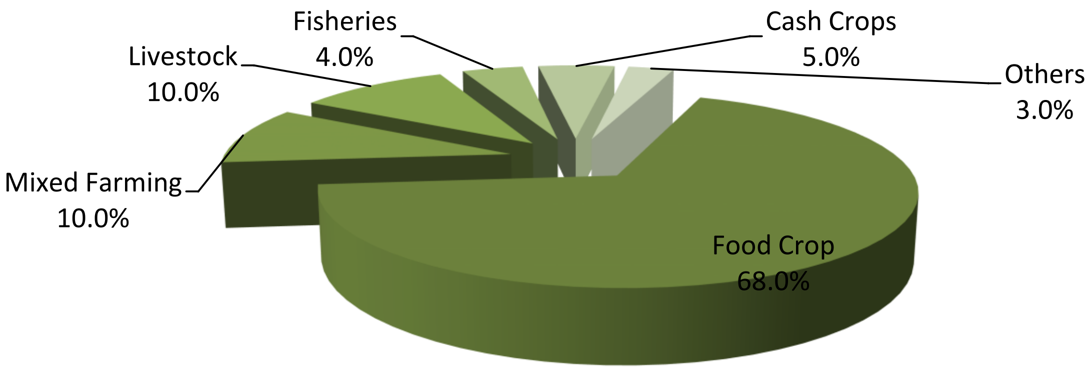
During the first half of 2014, the volume and value of guaranteed loans under the ACGSF increased by 56.6 and 65.2 per cent to 35,413 and ₦5.93 billion, respectively, over the levels in the corresponding period of 2013. Of the total volume of loans guaranteed by purpose, food crops accounted for 24, 223 (68.0%); livestock, 3,660 (10.0%); fisheries, 1,397 (4.0%); cash crops, 1,925 (5.0%); mixed farming, 3,593 (10.0%); and others, 915 (3.0%).

Also, of the total value of loans guaranteed by category, individuals accounted for ₦5.65 billion, (95.3%); informal groups, ₦0.12 billion (2.0%); cooperatives, ₦0.056 billion (1.0%); and companies, ₦0.10 billion (1.7%).

From inception of the Scheme in 1978 to end-June 2014, the cumulative number of loans guaranteed was 894,954, valued at ₦77.40 billion. A total of

454 claims valued at ₦92.75 million was settled during the review period, bringing the total claims settled from inception to 14,691 valued at ₦546.93 million.

Figure 30
Sectoral Distribution of ACGSF Loans (By Purpose)
(First Half 2014)



2.6.2 Interest Drawback Programme (IDP)

The number and value of IDP claims settled in the first half of 2014 fell by 37.4 and 14.8 per cent, to 13,097 and ₦171.20 million from the levels of 20,907 and ₦201.1 million, respectively, in the corresponding period of 2013. This brought the cumulative number and value of IDP claims settled from inception to 246,426 and ₦1.94 billion, respectively.

2.6.3 The Trust Fund Model (TFM)

During the first half of 2014, no new Memorandum of Understanding (MoU) was signed. Thus, from inception in 2002 to date, the number of MoUs stood at 58, consisting of state governments, multinational agencies, local government councils (LGCs), non-governmental organisations (NGOs) and individuals with pledged sum of ₦5.56 billion.

2.6.4 Entrepreneurship Development Centres (EDCs)

Three (3) new EDCs in Maiduguri (for North East), Makurdi (for North Central) and Calabar (for South South), respectively, trained 937; 1,120; and 1,044 entrepreneurs, totalling 3,101, above the target of 3,000 for the first half of 2014. Of the trained entrepreneurs, 1,872 (60.4%) were males, while 1,229

(39.6%) were females. In addition, 904 accessed credit from banks for start-ups/ expansion of businesses, while 2,703 new jobs were created.

2.6.5 ₦200 Billion Commercial Agriculture Credit Scheme (CACS)

In the review period, the sum of ₦8.18 billion was released to eight (8) banks for on-lending to eleven (11) privately-sponsored projects, one (1) state government and four (4) enhancements for private projects. Analysis of the number of projects financed showed that processing accounted for 36.4 per cent, while production and marketing accounted for 54.5 and 9.1 per cent, respectively.

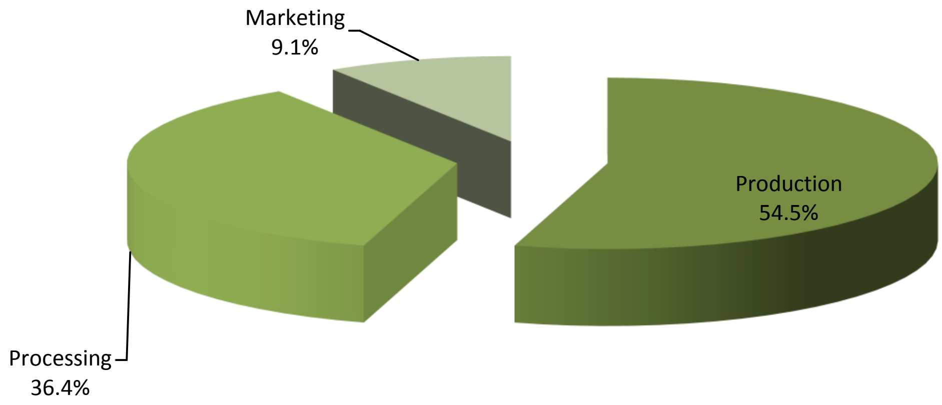
Table 4
Analysis of CACS Financed Privately-Sponsored Projects by Value Chain (First Half 2014)

Category	Number of Projects	Per cent	Value {₦' billion }	Per cent
Production	6	54.5	1.055	38.0
Processing	4	36.4	1.197	43.0
Marketing	1	9.1	0.550	19.0
Total	11	100.0	2.802	100.0

Analysis by value indicated that processing accounted for ₦1.20 billion (43.0%); production, ₦1.06 billion, (38.0%); and marketing, ₦0.56 billion (19.0%).

At end-June 2014, ₦234.29 billion was disbursed to 307 projects, compared with ₦119.37 billion disbursed to 273 projects in the corresponding period in 2013. The sum of ₦40.34 billion was repaid by banks in respect of seventy-six (76) projects in the review period.

Figure 31
Analysis of CACS Financed Privately-Sponsored Projects by Value Chain (First Half 2014)



2.6.6 ₦200 Billion Restructuring and Refinancing Facility (RRF)

In the first half of 2014, ₦17.8 billion was released to the Bank of Industry (BOI) for disbursement, as against the corresponding period of 2013 when no fund was released. Thus, the cumulative amount disbursed from inception to date amounted to ₦305.2 billion for 600 projects, while cumulative repayments under the SME RRF stood at ₦80.9 billion in the first half of 2014.

2.6.7 ₦200 Billion SME Credit Guarantee Scheme (SMECGS)

Under the Scheme, four (4) applications valued at ₦155.23 million were guaranteed during the first half of 2014, compared with eight (8) applications valued at ₦279.2 million in the corresponding period of 2013. The total number of projects guaranteed from inception to date was 76 valued at ₦3.37 billion, while ₦1.80 billion for 29 projects had been fully repaid.

2.6.8 ₦300 Billion Power and Airline Intervention Fund (PAIF) Initiative

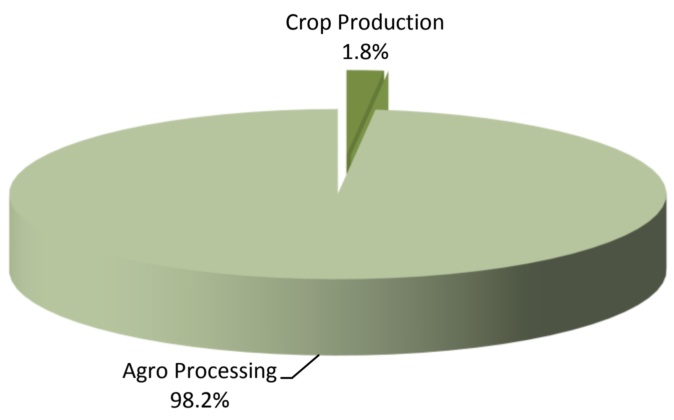
In the first half of 2014, ₦0.51 billion was released to the BOI for one (1) airline project, compared with five (5) projects valued at N39.6 billion in the corresponding period of 2013. The number and value of projects funded from inception stood at 51 and ₦233.16 billion, comprising 15 airline and 36 power projects, valued at ₦117.43 billion and ₦115.73 billion, respectively. The 36 power projects had a potential generating capacity of 847.4MW, out of which 440.1 had been added to the National Grid. Also, the Fund's 7%

concessionary interest rate with the 10 – 15 years long tenor had created a stabilising effect on the capital structure of the refinanced airline projects, thereby, making them more viable. It has saved the projects about 12% of the cost of capital if they borrowed at the average market rate (19%). Since inception, in 2010, a total of ₦32.36 billion had been repaid by the beneficiaries.

2.6.9 Nigeria Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL)

During the period under review, the Nigeria Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL) programme continued to improve on its activities as it issued four (4) credit risk guarantees (CRGs) valued at ₦2.06 billion to various counterparties. The programme also obtained CRGs for twenty- four (24) new growth enhancement support scheme (GES) valued at ₦5.66 billion through eight (8) banks under the 2014 NIRSAL GES Framework.

Figure 32
NIRSAL Credit Risk Guarantees (CRG) Issued
January – June 2014



In addition, the sum of ₦163.83 million was paid to 116 projects as IDB claims under the GES/NIRSAL Interest Draw Back (IDB), through fifteen (15) banks, thus, bringing the cumulative IDB payments to ₦198.90 million.

2.6.10 Financial Inclusion

The Bank's effort at achieving the objective of raising financial inclusion to 80.0 per cent by 2020 was sustained during the review period. It held workshops on the National Financial Inclusion Strategy for banks from January 22 – 24, 2014 and for microfinance banks located in Lagos from March 12 - 13, 2014. Following the workshops, it was resolved that the banks should prepare three years (2014 to 2016) financial inclusion plans for their organizations, focusing on products, channels and details of the marketing strategies for realizing them. The microfinance banks were directed to maintain a close working relationship for information sharing on regulatory changes that support financial inclusion.

Pursuant to securing the buy-in of external stakeholders in implementing the Strategy, the Bank held meetings with various relevant financial services regulators in the review period. The meetings assessed the level of progress towards promoting financial inclusion by the agencies and how they could encourage the institutions they regulate to perform their roles better. The meetings also resolved that there was need for joint effort amongst the regulators to undertake nationwide sensitization campaigns on financial inclusion matters while effort should be made to set up financial inclusion units in the various agencies.

In a related development, the Bank held a meeting with the Bill and Melinda Gates Foundation to deliberate on efforts at arranging for the 2014 edition of the Geospatial Mapping of financial access points across the nation on June 6, 2014. In addition, the Bank attended the Financial Inclusion Strategy Peer Learning workshop in Nadi, Fiji from March 26 - 28, 2014. The programme shared perspectives on the: methodology involved in developing and implementing financial inclusion strategies; need to liaise with state governments across a country to explore the adoption of appropriate social safety programmes; and need to ensure continuous dialogue with private sector to enable a hitch-free implementation of a proposed strategy.

ECONOMIC REPORT

3.0 Global Economic Developments

3.1 Global Output

Global output growth was modest in the first half of 2014. According to the International Monetary Fund (IMF) World Economic Outlook (WEO, July 2014), global growth was projected at 3.4 per cent, up from 3.2 per cent in 2013. The key growth drivers were moderating fiscal consolidation and highly accommodative monetary policy in most advanced economies. Growth in the review period, however, faced several downside risks including: the larger-than -expected inventory accumulation in the US at end-2013; a harsh winter that further dampened exports; weaker domestic demand in China,; growing geopolitical tensions in Eastern Europe; and slower growth in other emerging market economies.

In the advanced economies, output growth strengthened to 1.8 from 1.3 per cent in 2013, despite the deceleration witnessed in the US in the first half of 2014. Growth in the euro area strengthened to 1.1 per cent, but with uneven growth prospects across the region, reflecting continuing financial fragmentation, weakened private and public sectors' balance sheets, and high unemployment rates in some countries. Japan recorded a stronger than expected performance in the first half of 2014, which may decelerate subsequently, owing to the planned unwinding of fiscal stimulus.

In emerging market and developing economies, growth was projected to decelerate to 4.6 per cent in 2014 from 4.7 per cent in 2013, due mainly to; weak external and domestic demand, tighter financial conditions, and dampness in business and consumer confidence.

Developing economies continued to show signs of vulnerabilities largely on account of: weak export performance; softer external demand from sluggish growth in the advanced economies; and moderating foreign direct investment, leading to a decline in foreign exchange inflows and the risk of a build-up of external and public debts.

Growth in sub-Saharan Africa remained strong, supported by commodity-related factors and substantial depreciation of some currencies in the region. Leading economies in the region, including Nigeria, posted reasonable growth rates, despite struggling with domestic challenges of insurgency, electricity and labour conflicts.

In the Middle East and North Africa (MENA), growth was projected to rise moderately to about 3.1 per cent from 2.5 per cent in 2013, driven largely by the oil-exporting economies, where high public spending contributed to increased non-oil activity. Many of the region's oil-importing countries continued to grapple with difficult sociopolitical and security concerns, which undoubtedly, weighed on confidence and economic activity.

3.2 Global Commodity Prices

Developments in the global commodity markets were mixed. Some commodity prices broadly remained flat, while others softened. The development was attributed mainly to the slowdown in emerging markets, especially, China, the increased crude oil supplies from the U.S., the build-up of base metals, the rising grain supplies, and the uncertainties in global economic outlook. With increase in supplies outpacing tepid demand in most commodity markets, the IMF commodity price indices declined. Some commodity prices, however, firmed-up following signs of strengthening global activity, though with increased price volatility. Gold gained 10.0 per cent in the first half of the year, as the escalating violence in Iraq and tension between Ukraine and Russia boosted demand for hedging assets.

3.3 Global Inflation

Global inflation generally remained subdued in the review period following continued negative output gaps in the advanced economies, weaker domestic demand in most emerging markets, and falling commodity prices. Global inflation was projected at 2.7 per cent in 2014, representing an increase of about 40 basis points relative to the estimate for 2013. In the advanced economies, inflation was below target and with long-term inflation expectation at about 1.5 per cent, the projected return to target would be gradual. In emerging market and developing economies, inflation declined to 5.2 per cent from 6.0 per cent on the backdrop of weak commodity prices and sustained tight monetary policy.

Headline inflation in the OECD area picked up slightly in the first quarter of 2014 following a decrease in the last quarter of 2013. The upward trend continued to the beginning of the second quarter, with OECD headline consumer price inflation at 2.1 per cent in May and June, 2014, up from 2.0 per cent year–on-year in April 2014.

Developments in Eurozone inflation were mixed. There were concerns that the Eurozone could fall into deflation, raising fears that consumers might spend even less as they would expect prices to fall in future months. Figures from Eurostat indicated that in June 2014, the highest annual inflation rates were in the United Kingdom (1.9%), Austria (1.7%) and Luxembourg (1.2%). However, negative annual rates were observed in Bulgaria (-1.8%), Greece (-1.5%), Portugal (-0.2%), Hungary and Slovakia (both -0.1%). Thus, in June 2014, annual inflation rates fell in ten member states, remained stable in four, and rose in fourteen.

3.4 International Financial Markets

Developments in the international financial markets during the first half of 2014 were affected by uncertainties surrounding geopolitical tensions and the tapering of the quantitative easing measures of the US Fed. In the advanced economies, especially the US, monetary conditions continued to remain largely supportive, than in the euro area and Japan. Policy rates remained around the zero lower bound, and were expected to rise from 2015, particularly in the US, where some signs of recovery were beginning to emerge. Credit to the private sector in the euro area continued to decline, indicating weak demand. Despite the tapering of the Fed's QE since May 2013, long term interest rates were still lower than what would have prevailed if the term premium were to reverse to pre-crisis levels. Consequently, financial conditions remained broadly accommodating, leading to rallies in equities market and low bond risk spreads. Markets continued to expect prolonged period of low interest rates and supportive monetary policy in the euro area and Japan.

In emerging markets, financial and monetary conditions tightened in response to more difficult external financial environment since the tapering of the Fed's QE. With the re-pricing of emerging market assets and risks, bond rates and spreads increased. Accordingly, gross capital inflow declined, as exchange rates depreciated. Generally, the cost of capital in emerging markets increased, thereby dampening investment and growth.

Monetary authorities around the world largely sustained their policy rates in the review period, with a few exceptions. Ghana and Brazil raised their policy rates from 16.0 and 10.5 per cent to 18.0 and 11.0 per cent, respectively, to tame mounting inflationary concerns. Russia lowered her policy rate by 100 basis points to 7.5 per cent to address growth concerns, stemming from weak domestic demand and economic sanctions. The ECB lowered her key policy rate to provide additional monetary accommodation to support lending to the real economy.

The performance of international stock markets was positive during the review period, with the indices for the developed and some emerging markets rising. In the U.S., increase in stock prices was due largely to improved corporate deals and faster-than-expected rise in industrial output. Also, growth in the Asian and European stock markets was as a result of surge in Purchasing Managers' Indices, although at a slower pace in the euro area.

In Africa, the Nigerian, South African and Egyptian stock market indices rose by 2.8, 10.1 and 20.3 per cent, respectively, while the Kenyan index declined by 0.9 per cent. In Nigeria, the rise in share prices was attributed to improved performance of quoted blue chip.

The exchange rate of the naira relative to other major international currencies indicated that the naira depreciated against the pound sterling, Japanese yen and Swiss Franc by 3.0, 3.4 and 0.6 per cent, respectively, at end-June 2014. It, however, appreciated against the Euro by 0.85 per cent. At the regional level, the naira depreciated by 0.3 and 0.1 per cent against the WAUA and CFA franc, respectively, in the same period.

Figure 33
Performance of the Naira against Major Currencies

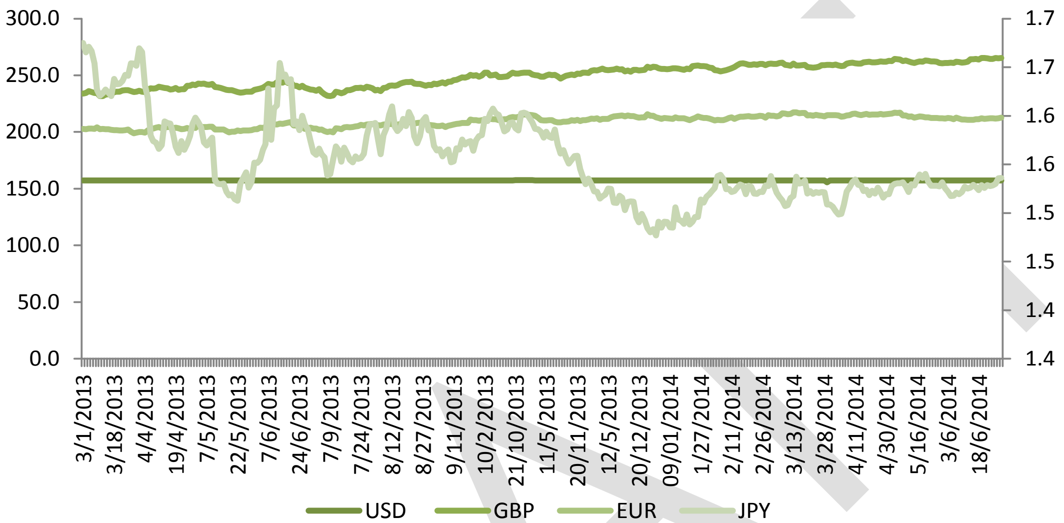


Figure 34
Performance of the Naira against Regional Currencies

Table 5
Indices of Selected International Stock Markets
(Dec 31, 2013 – Jun 30, 2014)

Country	Index	31-Dec-13	31-Mar-14	30-Jun-14	YTD % Change	Mar 31, 2014 - Jun 30, 2014 % Change
AFRICA						
Nigeria	ASI	41,329.10	38,748.01	42,482.48	2.8	9.6
South Africa	JSE African AS	46,256.23	47,770.92	50,945.26	10.1	6.6
Kenya	Nairobi NSE 20	4,926.97	4,945.78	4,885.04	-0.9	-1.2
Egypt	EGX CSE 30	6,782.84	7,805.03	8,162.20	20.3	4.6
Ghana	GSE All Share	2,145.20	2,387.30	2,373.38	10.6	-0.6
NORTH AMERICA						
US	S&P 500	1,848.36	1,872.34	1,960.23	6.1	4.7
Canada	S&P/TSX Composite	13,621.55	14,335.31	15,146.01	11.2	5.7
Mexico	Mexico Bolsa (IPC)	42,727.09	40,461.80	42,737.17	0.0	5.6
SOUTH AMERICA						
Brazil	Bovespa Stock	51,507.16	50,414.92	53,168.22	3.2	5.5
Argentina	Merval	4,275.98	5,134.74	6,537.61	52.9	27.3
Colombia	IGBC General	13,071.27	13,827.01	NA	NA	NA
EUROPE						
UK	FTSE 100	6,749.09	6,598.37	6,743.94	-0.1	2.2
France	CAC 40	4,295.95	4,391.50	4,422.84	3.0	0.7
Germany	DAX	9,552.16	9,555.91	9,833.07	2.9	2.90
Russia	MICEX	1,503.39	1,369.29	1,476.38	-1.8	7.8
ASIA						
Japan	NIKKEI 225	16,291.13	14,827.83	15,162.10	-6.9	2.3
China	Shanghai SE A	2,214.49	2,128.78	2,144.74	-3.1	0.7
India	BSE Sensex	21,170.68	22,386.27	25,413.78	20.0	13.5
Source: Bloomberg						

At the international foreign exchange market, most currencies depreciated against the US dollar during the period under review. Among African currencies, the Nigerian naira remained stable while the South African, Egyptian, Kenyan, and Ghanaian currencies depreciated.

Table 6
Exchange Rates of Selected Countries
(Value in Currency Units to US$)

	Currency	31-Dec-13	30-Apr-14	30-Jun-14	Apr -June % App/Dep	YTD % App/Dep
AFRICA						
Nigeria	Naira	157.27	157.29	157.29	0.00	-0.01
South Africa	Rand	10.52	10.48	10.64	-1.50	-1.13
Kenya	Shilling	86.30	86.90	87.60	-0.80	-1.48
Egypt	Pound	6.95	7.01	7.15	-1.96	-2.80
Ghana	Cedi	2.38	2.83	3.34	-15.27	-28.74
NORTH AMERICA						
Canada	Dollar	1.06	1.09	1.07	1.87	-0.93
Mexico	Peso	13.10	13.09	12.97	0.93	1.00
SOUTH AMERICA						
Brazil	Real	2.36	2.23	2.21	0.90	6.79
Argentina	Peso	6.52	8.00	8.13	-1.60	-19.80
Colombia	Peso	1929.51	1936.40	1877.44	3.14	2.77
EUROPE						
UK	Pound	0.60	0.59	0.58	1.72	3.45
Euro Area	Euro	0.73	0.72	0.73	-1.37	0.00
Russia	Ruble	32.87	35.66	33.98	4.94	-3.27
ASIA						
Japan	Yen	105.26	102.14	101.33	0.80	3.88
China	Yuan	6.05	6.26	6.20	0.97	-2.42
India	Rupee	61.80	60.34	60.19	0.25	2.67
Source: bloomberg						
MTM= Month to Month						
YTD = Year to Date						

3.5 World Economic Outlook for the Rest of 2014

The strengthening of global growth towards the end of the first half of 2014 would be sustained for the rest of the year, as leading indicators were positive in key advanced economies and China. The IMF projects a rise in global growth to 3.4 per cent for the rest of the year. The US was expected to grow by 1.7 per cent at year end. The euro area would emerge from recession to grow by 1.1 per cent. Japan would expand by 1.6 per cent; as China and the emerging markets (including China) were projected to grow by 7.4 and 4.6 per cent at year end, respectively.

The outlook for global inflation would remain reasonably contained, particularly in advanced economies, against the backdrop of moderate commodity prices and weak demand. In most advanced economies, headline inflation was below their central bank's targets, inflation expectation, as reported in survey data and financial market indicators over the medium term, has remained well anchored.

With the European Central Bank lowering its policy rate in June, capital flows to emerging markets was likely to recover, raising the prospects of currency appreciation pressures in these economies. With these developments, stock markets were likely to sustain their positive performance globally.

4.0 DEVELOPMENTS IN THE DOMESTIC ECONOMY

4.1 Monetary and Credit Developments

The CBN maintained a restrictive monetary policy stance in the first half of 2014, keeping the monetary policy rate at 12.0 per cent throughout the period. Consequently, the growth of major monetary aggregates fell significantly below their indicative benchmarks. Reserve money, broad and narrow money supply declined relative to their indicative benchmarks for the period and their respective levels at the end of the corresponding period of 2013. Both currency-in-circulation and currency outside bank declined at the end of the review period. Aggregate credit to the domestic economy grew marginally as a result of the moderate growth in claims on the private sector and the decline in net claims on the Federal Government. Similarly, growth in consumer credit slowed in tandem with credit to the private sector.

4.1.1 Reserve Money

Reserve money, at ₦4,723.1 billion, fell by 15.0 per cent at end-June 2014 below its level at end-December 2013, compared with the decline of 12.6 per cent at the end of the corresponding period of 2013. The development relative to the level at end-December 2013 reflected the respective decline of 10.1 and 33.1 per cent in net foreign and net domestic assets of the CBN. The corresponding decline in the uses of reserve money was attributed to the fall in both bank reserves and currency-in-circulation by 14.7 and 15.7 per cent, respectively.

Table 7
Sources and Uses of Reserve Money

	Jun 11	Dec '11	Jun 12	Dec 12	Jun-13	Dec 13	Jun-14
Foreing assets (net)	4,922,626.64	5,823,794.26	6,025,336.84	7,393,557.68	7,561,183.53	6,898,546.52	6,200,004.89
Foreign Assets	5,004,384.4	5,829,819.7	6,025,436.9	7,395,331.5	7,614,112.5	7,034,368.8	6,580,954.2
Long-term Foreign Liabilities	0.0	-	-	311.5	311.5	311.5	311.5
Short-term foreign Liabilities	81,757.7	6,025.5	100.0	1,462.2	52,617.4	135,510.7	380,637.8
Net credit to Government	(2,733,579.8)	(3,514,447.1)	(3,723,009.9)	(3,574,376.4)	(3,519,920.5)	(2,101,616.1)	(2,730,498.8)
Claims on Government	798,851.0	680,601.7	738,017.8	733,354.5	451,404.9	746,938.3	640,782.7
Fed. Government Deposits	3,532,430.8	4,195,048.7	4,461,027.8	4,307,730.9	3,971,325.4	2,848,554.4	3,371,281.5
Net credit to Private Sector	229,755.4	3,963,550.1	4,045,673.7	3,661,512.3	4,223,762.4	4,520,790.0	4,395,507.2
Claims on private sector	726,392.5	4,569,146.0	4,652,650.4	4,708,311.8	4,703,313.2	4,917,493.1	4,684,233.8
Private sector deposits	496,637.1	605,595.9	606,976.7	1,046,799.6	479,550.8	396,703.1	288,726.6
Net claims on DMBS	564,905.6	(744,210.9)	(1,014,301.3)	(1,583,300.3)	(3,380,269.2)	(2,437,707.6)	(2,488,066.9)
Claims on DMBS	748,162.9	793,049.0	1,110,570.2	1,052,556.0	915,469.7	1,259,320.3	772,362.4
CBN Securities	183,257.3	1,537,259.9	2,124,871.5	2,635,856.3	4,295,738.9	3,697,027.9	3,260,429.4
Other Assets Net	(918,651.5)	(2,744,621.0)	(2,821,724.0)	(2,192,909.7)	(1,648,603.4)	(1,321,090.2)	(653,874.6)
Other Assets	3,469,322.3	4,878,098.4	6,031,460.4	6,790,896.4	7,182,339.6	1,914,118.5	1,506,392.0
Other liabilities	4,387,973.8	7,622,719.3	8,853,184.4	8,983,806.1	8,830,943.0	3,235,208.7	2,160,266.6
RESERVE MONEY	2,065,056.3	2,784,065.4	2,511,975.3	3,704,483.6	3,236,152.9	5,558,922.6	4,723,071.7
Currency in Circulation	1,353,982.6	1,566,046.4	1,363,730.7	1,631,717.2	1,425,507.8	1,776,813.2	1,497,142.1
Banks' Deposit with CBN	711,073.7	1,218,019.0	1,148,244.6	2,072,766.4	1,810,645.1	3,782,109.5	3,225,929.6

Figure 35 (a)
Reserve Money and its Components: Sources
(₦' Billion)

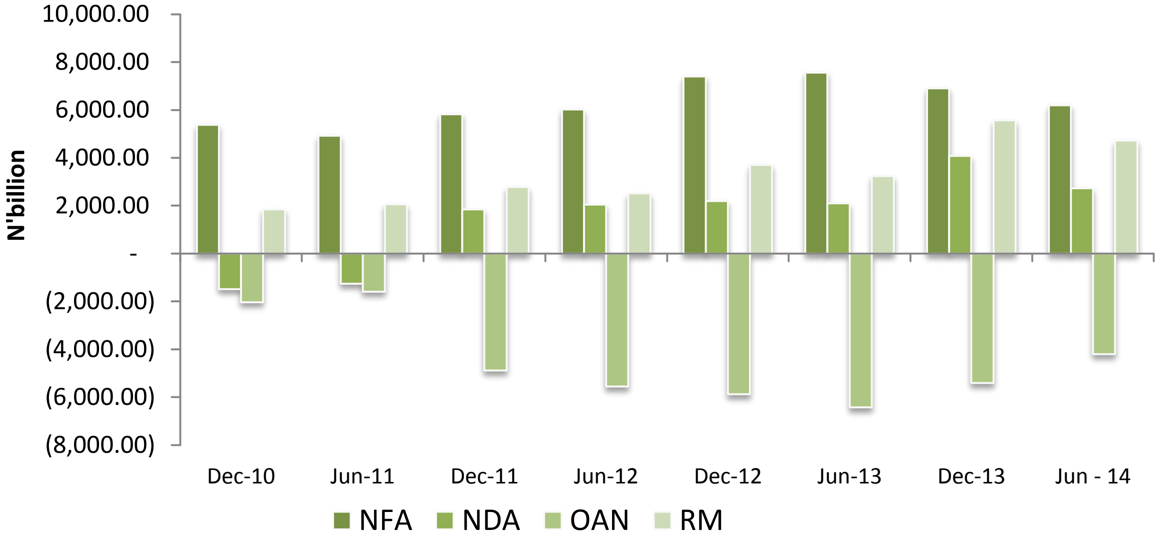
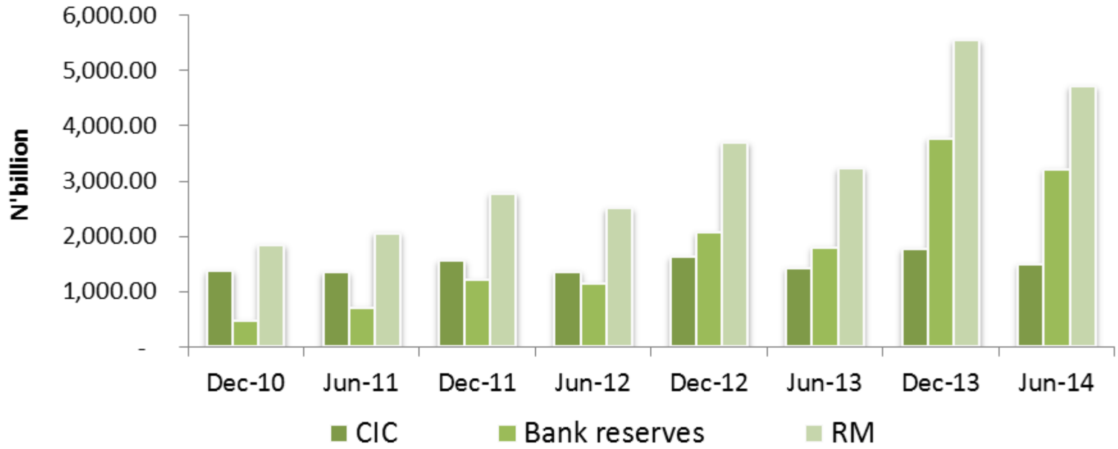


Figure 35 (b)
Reserve Money and its Components: Uses
(₦' Billion)



4.1.2 Broad Money (M_2)

Growth of money supply was modest in the first half of 2014. Broad money supply (M_2) grew by 1.7 per cent relative to the level at end-December 2013, compared with 0.7 per cent at the end of the corresponding period of 2013. At this level, M_2 growth was lower than the provisional indicative target of 14.5 per cent for fiscal 2014. The modest growth in money supply reflected the decline in net foreign assets and other assets (net) of the banking system, which effects suppressed the impact of the 0.9 per cent growth in net domestic credit.

4.1.3 Narrow Money (M_1)

Narrow money (M_1) fell by 6.1 per cent to ₦6,587.3 billion at end-June 2014, compared with the decline of 6.5 per cent at the end of the corresponding half of 2013. The development was due to the respective decline of 19.7 and 2.5 per cent in its currency and demand deposit components. The decline in currency outside bank reflected the growing confidence in e-payments in the economy following the success of the cash-less policy of the Bank.

4.1.4 Quasi Money (QM)

Quasi-money grew by 7.9 per cent to ₦9, 341.1 billion at the end of the review period, compared with 7.3 per cent recorded at the end of the corresponding half of 2013. The growth in quasi money was attributed to the rise in savings and time deposits, particularly the 19.8 per cent growth in foreign currency deposits with banks.

4.1.5 Currency-in–Circulation (CIC) and Deposits at the CBN

Currency-in-circulation fell by 15.7 per cent to ₦1,497.1 billion and constituted 31.7 per cent of the uses of reserve money at the end of the first half of 2014, compared with the decline of 12.6 per cent at the end of the corresponding period of 2013. Similarly, banks' deposit with the CBN fell by 14.7 per cent, compared with 12.6 per cent at the end of the corresponding period of 2013.

4.1.6 Currency Outside Bank (COB)

Currency outside bank fell by 19.7 per cent in the first half of 2014, compared with the decline of 13.3 per cent at the end of the corresponding half of 2013. At that level, COB constituted 7.3 per cent of M_2 and 17.6 per cent of M_1, which were 0.1 and 1.4 percentage points above their respective levels in the corresponding period of 2013. The development reflected increased confidence in the use of e-payments in the economy.

Figure 36
Ratio of Currency Outside Bank to Money Supply

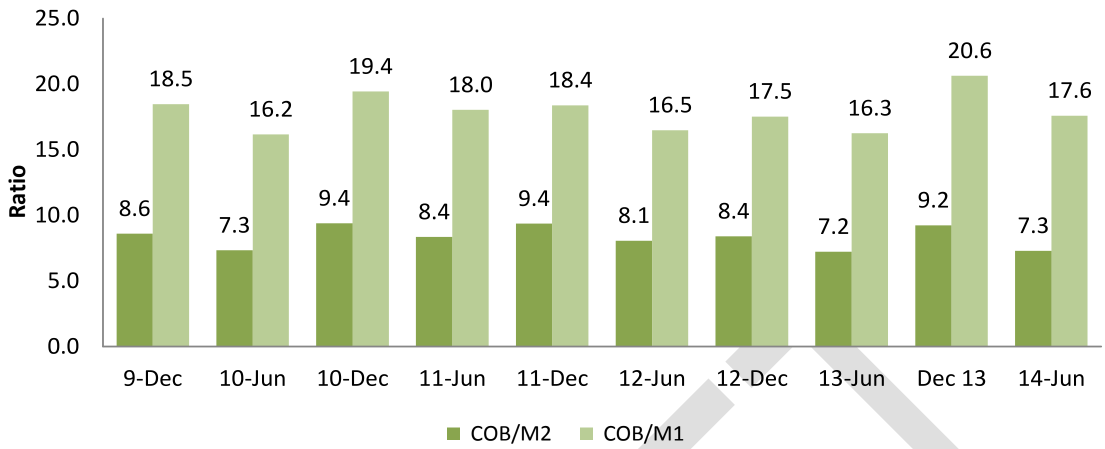
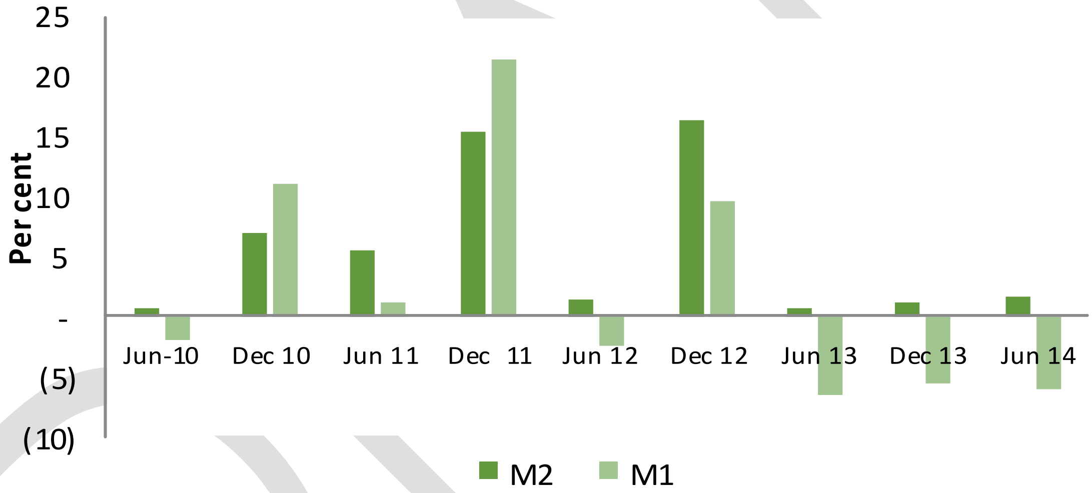


Figure 37

Growth in Money Supply
(Per cent)



4.1.7. Drivers of Growth in Money Supply

4.1.7.1. Net Foreign Assets (NFA)

Foreign assets (net) of the banking system declined at the end of the review period. Relative to the level at end-December 2013, NFA fell by 9.6 per cent to ₦7,693.3 billion, as against the growth of 1.3 per cent at the end of the corresponding half of 2013. The development reflected the respective decline of 10.1 and 7.5 per cent in CBN and banks' net foreign assets holdings. As a percentage of M_2, NFA constituted 48.3 per cent, compared with 58.8 per cent at the end of the corresponding period of 2013.

4.1.7.2 Net Domestic Assets (NDA)

Net domestic assets grew by 15.1 per cent to ₦8,235.1 billion, in contrast to the decline of 0.2 per cent at the end of the first half of 2013. The development was attributed to the respective increase of 0.9 and 12.0 per cent in domestic credit (net) and other assets (net) of the banking system.

4.1.7.2.1 Net Domestic Credit (NDC)

Net domestic credit grew by 0.9 per cent to ₦15,173.6 billion at the end of the first half of 2014, compared with the growth of 3.6 per cent at the end of the corresponding period of 2013. The development reflected, wholly, the increase in claims on the private sector as net claims on Federal Government fell at the end of the review period.

4.1.7.2.1.1 Credit to the Government (Cg)

Net claims on government fell by 21.9 per cent at the end of the first half of 2014, compared with the 3.6 per cent decline at the end of the corresponding half of 2013. This reflected the decline in banking system's holding of government securities such as treasury bills and FGN Bonds, which fell by 16.2 and 24.8 per cent, respectively, from their levels at end-December 2013. The Federal Government, as in the preceding half-year, remained a net lender to the banking system.

4.1.7.2.1.2 Credit to the Private Sector (Cp)

Credit to the private sector grew by 2.8 per cent at the end of the first half of 2014, compared with 3.6 per cent recorded at the end of first half of 2013. The development reflected, wholly, the 3.2 per cent increase in claims on the core private sector as claims on states and local government declined by 5.9 per cent.

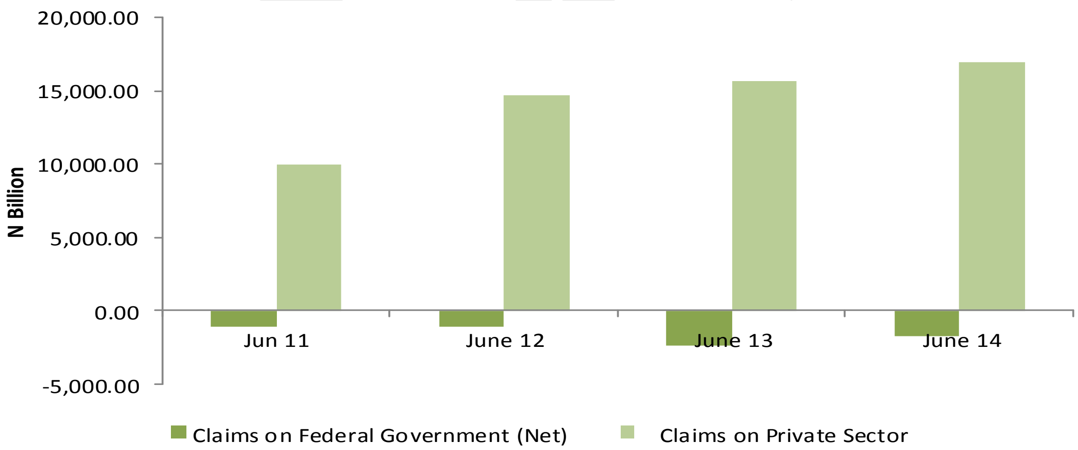
4.1.7.2.2 Other Assets (net) (OAN)

Other Assets (net) of the banking system grew at the end of first half of 2014. Relative to the level at end-December 2013, OAN grew by 12.0 per cent, as against the decline of 7.4 per cent recorded at the end of the corresponding period of 2013. The development relative to the level at end-December 2013 was attributed to the increase in unclassified assets of both the CBN and banks during the review period.

Table 8
Growth in Monetary Aggregates
(Per cent)

	June '12	Dec '12	June '13	Dec '13	June '14
Net Foreign Asset (NFA)	5.37	26.69	1.34	(5.86)	(9.63)
Net Domestic Credit	(0.87)	(7.22)	3.55	18.45	0.88
Credit to Federal Government (Cg)	(128.16)	(393.81)	(3.63)	40.14	(21.89)
Credit to Private Sector(Cp)	3.65	6.83	3.57	8.96	2.75
Quasi Money (QM)	5.39	23.44	7.33	7.36	7.91
Narrow Money (M_1)	(2.54)	9.59	(6.49)	(5.50)	(6.07)
Broad Money (M_2)	1.35	16.39	0.71	1.20	1.66
Other Assets (net) (OAN)	(1.13)	16.80	(7.35)	(26.00)	12.00

Figure 38
Distribution of Net Domestic Credit
(₦' Billion)



4.1.8 Sectoral Distribution of Credit

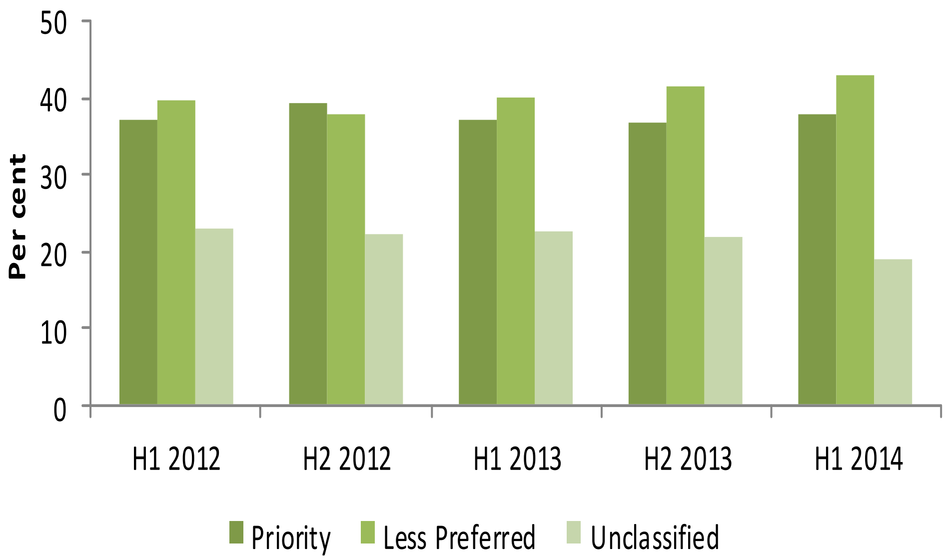
Of the total outstanding credit to the core private sector, ₦4,083.8 billion was given to the priority sectors, which comprised agriculture, solid minerals, exports and manufacturing sub-sectors. This accounted for 37.9 per cent of the total, compared with 37.2 per cent in the corresponding half of 2013. The less preferred sectors (real estate, public utilities, transport and communications, finance and insurance and government) accounted for

43.1 per cent of the total, while the unclassified sectors accounted for the balance.

Table 9
Credit to the Core Private Sector:
(Percentage Share)

	Share in Outstanding (per cent)				
	Jun 12	**Dec 12**	**Jun 13**	**Dec 13**	**Jun 14**
1. Preferred Sectors	**37.1**	**39.5**	**37.2**	**36.8**	**37.9**
Agriculture	3.7	3.9	4.2	3.4	4.0
Solid Minerals	18.9	21.7	20.6	21.5	22.0
Exports	0.7	0.8	0.1	0.04	0.10
Manufacturing	13.8	13.1	12.3	11.8	11.9
2. Less Preferred Sectors	**39.8**	**38.3**	**40.2**	**41.4**	**43.1**
Real Estate	6.8	6.6	7.3	7.3	7.6
Public Utilities	0.3	0.4	0.7	2.2	2.3
Transport and Communications	11.6	11.9	13.5	13.9	14.8
Finance & Insurance	3.9	3.1	3.2	3.2	3.1
Government	7.4	7.8	6.9	7.2	6.9
Import & Dom. Trade (General Comm.)	9.8	8.5	8.6	7.6	8.3
3. Unclassified	**23.1**	**22.2**	**22.6**	**21.8**	**19.0**
Total (1+2+3)	**100**	**100**	**100**	**100**	**100**

Figure 39
Sectoral Distribution of Banks' Credit
(Per cent)



4.1.9 Maturity Structure of DMBs' Outstanding Loans and Advances, and Deposit Liabilities

The credit market remained dominated by short-term maturities in the first half of 2014. Outstanding credit maturing within one year accounted for 56.6 per cent, compared with 56.0 per cent at the end of the second half of 2013. The proportion of the medium-term (≥1yr and < 3yrs) and long-term (3yrs and above) maturities stood at 16.8 and 26.6 per cent, compared with 19.8 and 24.2 per cent, respectively, at the end of the first half of 2013. Similarly, deposits below one year constituted 95.6 per cent of the total, of which 72.7 per cent had maturity of less than 30 days. Long-term deposits constituted 1.1 per cent and exceeded the 0.003 per cent recorded at the end of the first half of 2013. As in the preceding period, the near-absence of long-term deposits continued to constrain the ability of banks to create long-tenored risk assets crucial for economic development and transformation.

Figure 40
Maturity Structure of Deposit Money Banks (DMBs) Loans and Advances

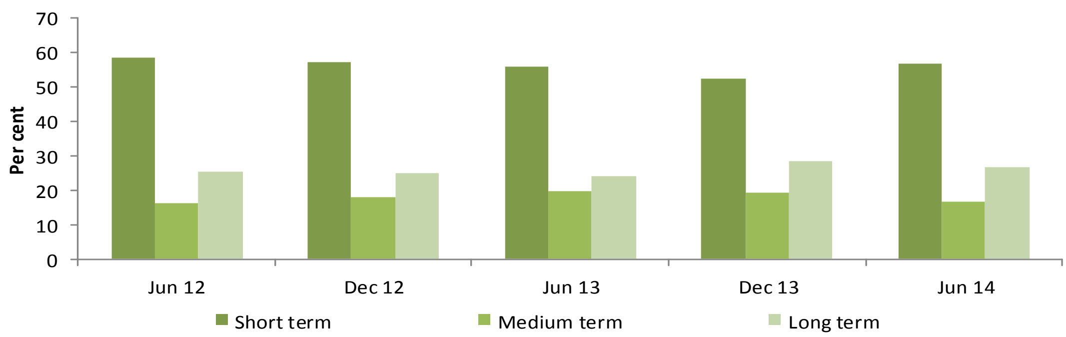


Figure 41
Maturity Structure of Banks Deposits

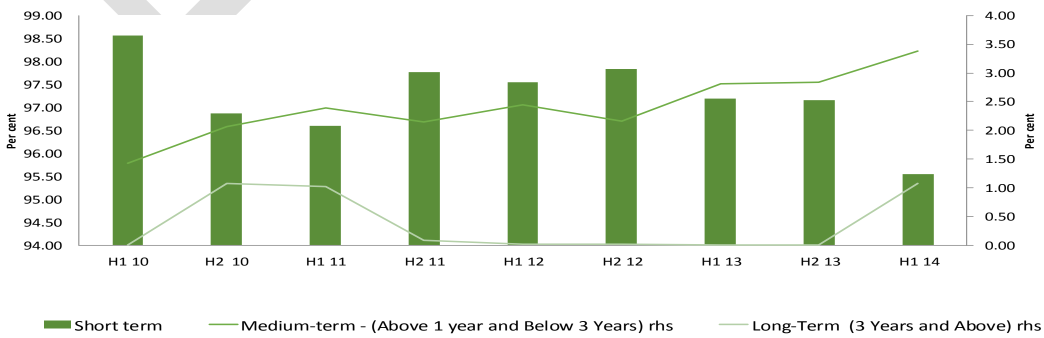
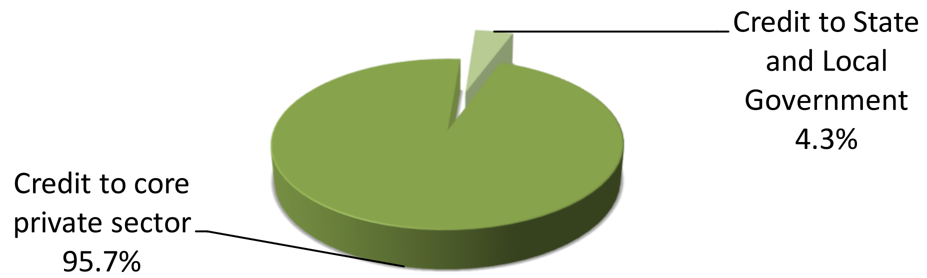


Table 10

Maturity Structure of Banks Assets and Liabilities

Assets (Loans and Advances)	Jun 12	Dec 12	Jun 13	Dec 13	Jun 14
Tenor					
0-30 days	31.3	35.6	31.1	27.5	31.5
31-90 days	12.3	11.6	10.7	12.7	11.0
91-181 days	7.9	6.1	7.7	4.9	6.7
181-365 days	7.4	6.4	6.6	7.5	7.4
Short term	59.1	57.4	56.0	52.6	56.6
Medium Term (Above 1yr and below 3yrs)	14.8	17.9	19.8	19.1	16.8
Long-Term (3 Years and Above)	26.1	24.7	24.2	28.3	26.6
Liabilities					
0-30 days	77.3	77.0	77.5	74.51	72.72
31-90 days	11.5	13.8	11.4	14.33	13.59
91-181 days	4.8	3.7	4.5	4.69	5.48
181-365 days	3.9	3.3	3.8	3.62	3.76
Short term	97.6	97.8	97.2	97.15	95.55
Medium Term (Above 1yr and below 3yrs)	2.4	2.2	2.8	2.84	3.38
Long-Term (3 Years and Above)	0.012	0.009	0.003	0.01	1.07
Total	**100**	**100**	**100**	**100**	**100**

Figure 42
Distribution of Private Sector Credit
(End-June 2014)



4.1.10 Market Structure of the Banking Industry

The banking industry remained oligopolistic in the first half of 2014. Available data showed that the average market share of assets and deposits of the five largest banks (concentration ratio, CR_5) stood at 51.5 and 52.9 per cent, respectively, compared with 51.0 and 52.7 per cent at the end of the first half of 2013. The market share of the largest bank with respect to assets and deposits, stood at 13.7 and 14.8 per cent, respectively, at the end of the review period, compared with 13.6 and 15.2 per cent at the end of the corresponding half of 2013. However, the banking sector remained competitive in both deposits and assets as revealed by the respective Herfindahl-Hirschman Index (HHI) of 789.2 and 752.1 on a scale of 1000, compared with 797.4 and 748.6, respectively, in the corresponding period of 2013.

Figure 43a
Market Structure of the Banking Industry

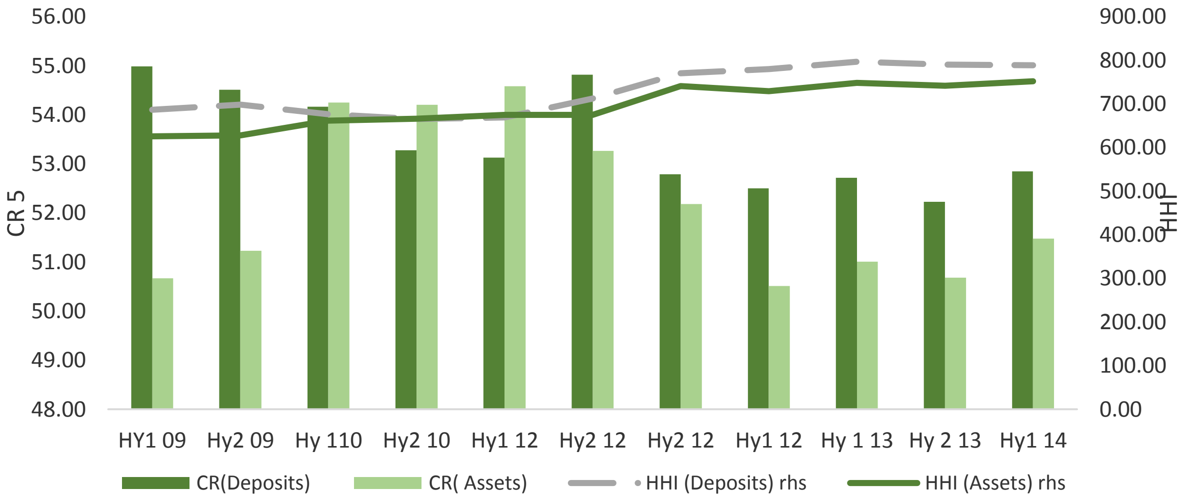
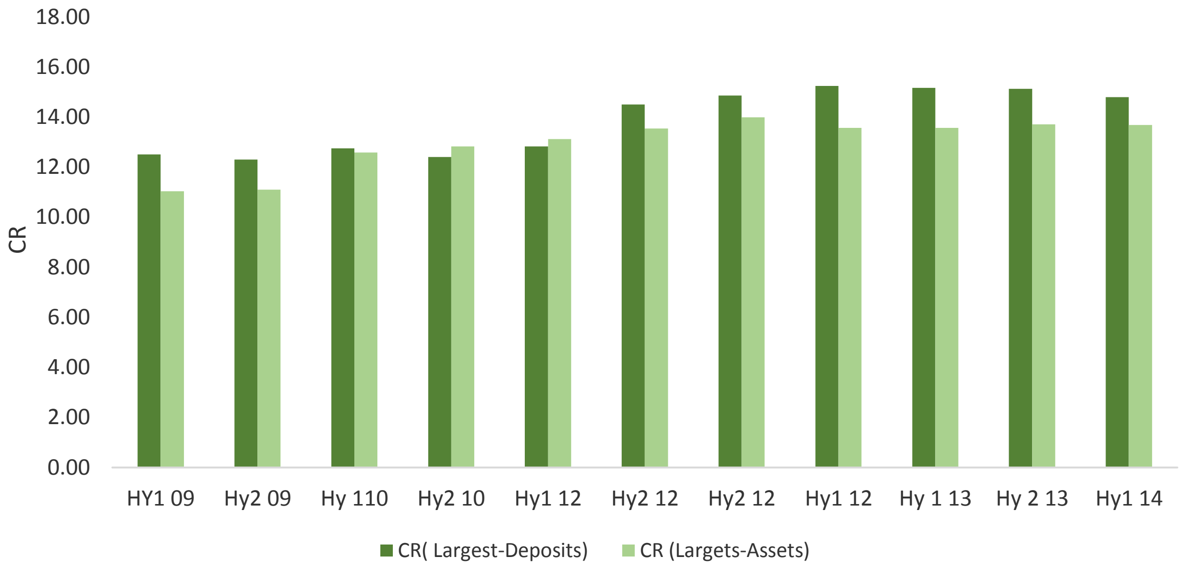


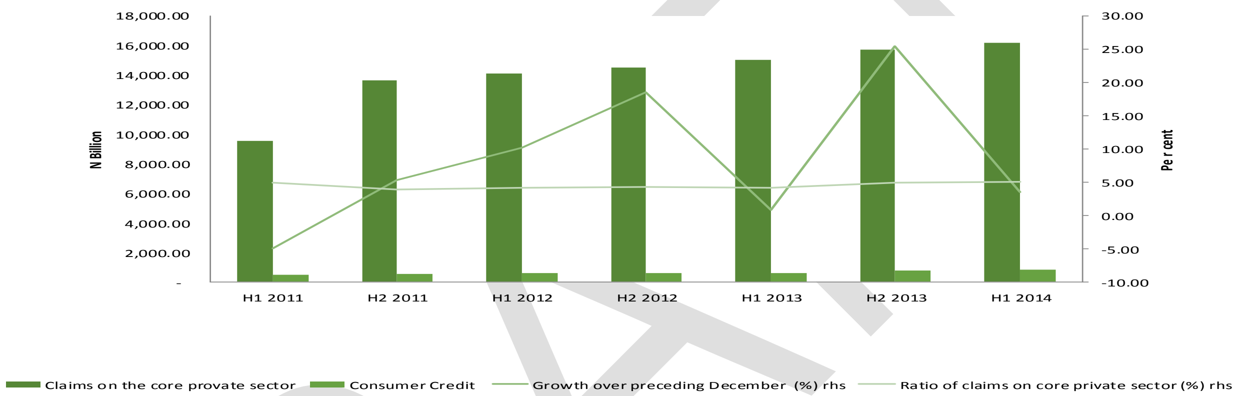
Figure 43b
Market Structure of the Banking Industry: Concentration Ratio of Largest Firm



4.1.11 Consumer Credit

Consumer credit grew by 3.5 per cent to ₦809.78 billion in the first half of 2014, compared with 0.8 per cent recorded at the end of the corresponding period of 2013. At that level, consumer credit constituted 5.0 per cent of total outstanding credit to the core private sector, up from 4.2 per cent at end-December 2013.

Figure 44
Consumer Credit of DMBs
(₦' Billion)



4.1.12 Weighted Effective Average Cost of Funds (WEACF) for Banks

The weighted effective average cost of funds for banks stood at 12.0 per cent (without overhead costs) in the first half of 2014, the same as in the corresponding period of 2013. The computed WEACF without overheads stood at 5.1 per cent, compared with 5.9 per cent in the first half of 2013.

Table 11
Weighted Effective Average Cost of DMBs Funds (WEACF) (Per cent)

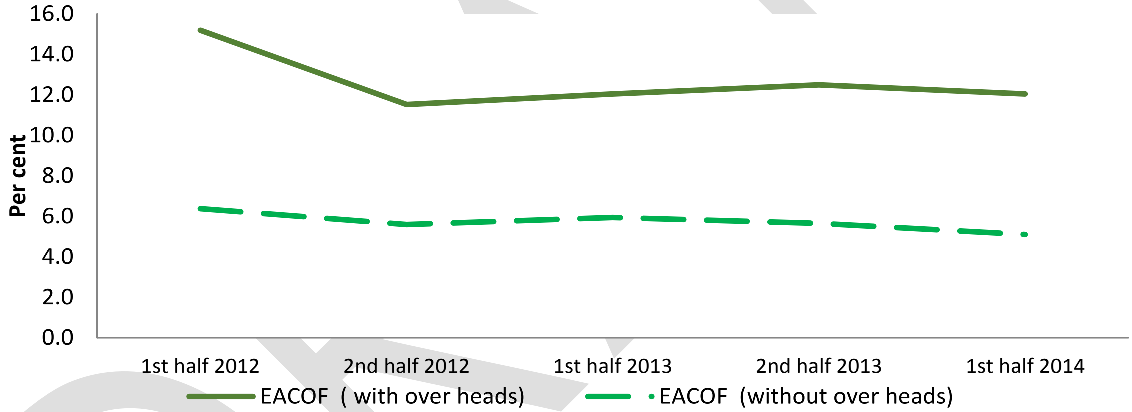
	H2 10	H1 11	H2 11	H1 12	H2 12	H1 13	H2 13	H1 14
Interest expense	5.82	6.33	5.30	5.66	4.88	5.25	4.95	4.53
Deposit Insurance premium	0.69	0.72	0.69	0.71	0.72	0.69	0.70	0.58
Overheads	7.34	6.63	7.23	8.83	5.93	6.10	6.85	6.93
Salaries and Wages	3.43	2.97	3.12	4.05	4.21	3.82	3.53	3.97
Others	3.90	3.61	4.24	4.73	4.56	5.22	4.10	4.54
EACF with overheads	13.85	13.68	13.22	15.20	11.52	12.04	12.50	12.04
EACF without overheads	6.51	7.05	5.99	6.37	5.59	5.94	5.65	5.10

In terms of contribution to WEACF, interest expense contributed 37.3 per cent, while overheads and insurance premium contributed 57.8 and 4.9 per cent, respectively. Consequently, interest expense and overheads remained the main drivers of banks cost of funds.

Table 12
Composition as Percentage of WEACF

	HY_1 11	HY_2 11	HY_1 12	HY_2 12	HY_1 13	HY_2 13	HY_1 14
Interest expense (2)	44.91	39.13	37.16	45.30	43.94	42.27	37.29
Deposit insurance premium (3)	5.39	5.30	4.80	7.27	6.13	6.73	4.88
Overhead cost (4)	49.70	55.57	58.04	47.43	49.93	50.99	57.83

Figure 45
Trends in Weighted Effective Average Cost of Banks Funds



4.1.13 Money Market Developments

In the first half of 2014, activities in the money market were influenced by the liquidity flow in the banking system. The redemption of AMCON bonds in December 2013, repayment of matured CBN bills and FGN Bonds, payment of Joint Venture Cash (JVC) calls to oil partners, as well as the periodic statutory revenue allocation (SRA) boosted the level of liquidity in the system. In addition, the attractive yields on fixed income securities and the comparative edge in interest rates arising from sustained tight monetary policy attracted foreign direct investment and bolstered liquidity. Patronage for the CBN's Standing Deposit Facility (SDF) remained high, while that for the

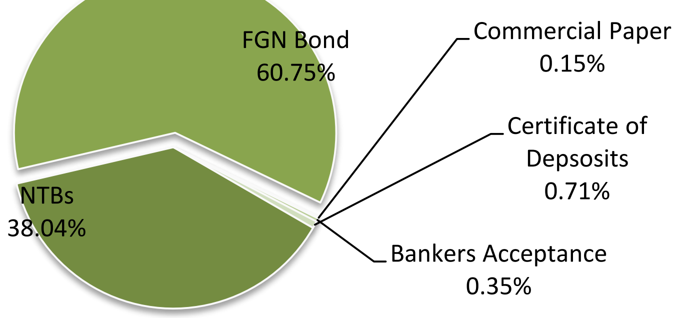
Standing Lending Facility (SLF) was minimal. Open market operations were complemented with the upward review of CRR on both private and public sector deposits, which resulted in the withdrawal of ₦806.75 billion during the review period. Consequently, money market rates were relatively stable during the review period.

The Monetary Policy Committee (MPC) at its three (3) meetings in the review period retained the Monetary Policy Rate (MPR) at 12.00 per cent with the symmetric corridor of ± 200 basis points. The liquidity ratio and net open position (NOP) limit were also retained at 30.00 and 1.00 per cent, respectively. The Bank increased the cash reserve requirement (CRR) on public sector deposits from 50.0 per cent to 75.0 per cent, in the first half of 2014, while CRR on private sector deposits was raised to 15.0 per cent from 12.0 per cent within the review period.

4.1.13.1 Money Market Assets Outstanding

Provisional data indicated that money market assets outstanding at the end of the first half of 2014 stood at ₦7,195.99 billion, showing increase of 4.9 and 9.6 per cent above the levels at end-December 2013 and the corresponding half year, respectively. The development relative to the preceding half year reflected, mainly, the increase of ₦147.8 billion (8.4%) and ₦154.32 billion (10.2%) in FGN Bonds and Nigerian Treasury Bills outstanding, respectively.

Figure 46
Money Market Assets Outstanding
(End-June 2014)



A breakdown of the money market assets outstanding at the end of the first half of 2014 showed that 60.75 per cent of the assets were held in FGN Bond, while 38.04, 0.35, 0.71 and 0.15 per cent were NTBs, Bankers Acceptance, Certificate of Deposits and Commercial Paper, respectively.

4.1.13.2 Primary Market

At the Nigerian Treasury Bills auction, ₦399.05 billion worth of 91-day bills was offered and sold with bid rates ranging from 9.20 to 14.0 per cent, and stop rates ranging from 9.2 to 11.6 per cent. At the 182- and 364-day auction, bills worth ₦567.82 billion and ₦1,262.84 billion were offered and sold at the rates of 9.5 to 12.8 per cent and 9.5 to13.0 per cent, respectively. Total subscription stood at ₦5,607.36 billion, compared with ₦4,268.72 billion in the corresponding half year of 2013. The huge subscription in the review period was attributed to the growing demand for government securities owing to attractive yields.

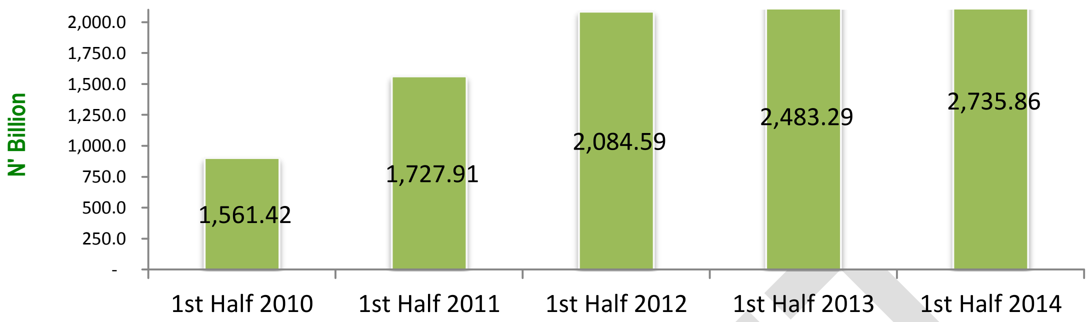
Table 13
Bid-Cover Ratios of Selected Securities

TENOR (DAY)	91-day	182-day	364-day	TOTAL (₦bn)
OFFER AMOUNT (₦bn)	399.05	567.82	1262.84	2229.71
TOTAL SUBSCRIPTION (₦bn)	656.72	1368.01	3582.63	5607.36
ALLOTMENT (₦bn)	399.05	567.82	1262.84	2229.71
BID COVER RATIO	1.65	2.41	2.84	
BID RANGE	9.20-11.62	9.45-12.75	9.54-12.99	

The bid-cover ratios for the various tenors were 1.7, 2.4 and 2.8 for the 91, 182- and 364-day, respectively. The high (above 2.0) bid-to-cover ratio for 182- and 364-day tenors indicated investors' preference for longer maturities.

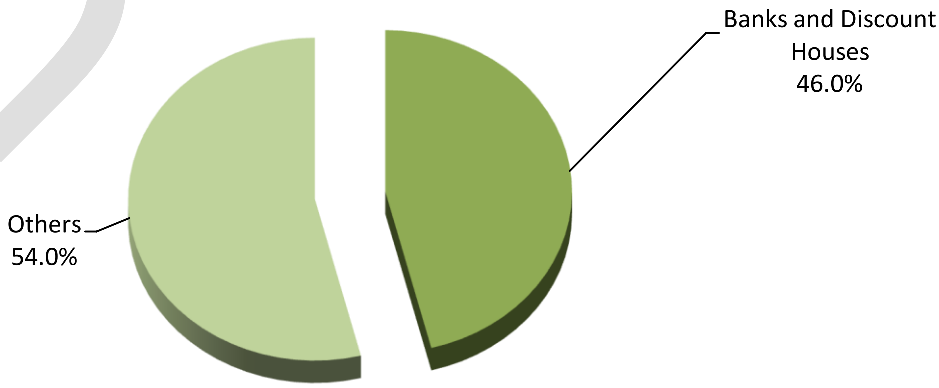
Thus, total NTBs outstanding at end-June 2014 stood at ₦2,735.87 billion, showing an increase of 10.2 per cent over the ₦2,483.29 billion at the end of the first half of 2013.

Figure 47
Nigerian Treasury Bills Outstanding
(₦' Billion)



During the review period, the CBN, in collaboration with the Debt Management Office, issued a new tranche of the 10-year FGN Bond, while 3, 10- and 20-year tranches were reopened. The term to maturity of the bonds ranged from 2 years 2 months to 16 years 5 months. Total value of FGN Bonds offered was ₦460.10 billion, while public subscription and sale stood at ₦1,161.50 billion and ₦465.00 billion, respectively. The increased demand for the securities was attributed to the high level of liquidity in the banking system, investors' preference for risk-free long-term instruments, and attractive coupons. A total of ₦380.0 billion matured FGN Bond was repaid, culminating to an injection of ₦85.0 billion into the banking system.

Figure 48
Distribution of FGN Bonds
(End-June 2014, per cent)



Thus, the total value of bonds outstanding at end-June 2014 stood at ₦4,369.84 billion, compared with ₦4,032.90 billion at end-June 2013, representing an increase of ₦336.94 billion or 8.4 per cent.

4.1.13.3 Open Market Operations (OMO)

In line with the monetary policy stance of the Bank to rein in inflation and maintain rates at target levels, open market operations continued to be employed for liquidity management in the first half of 2014.

4.1.13.4 OMO Auctions

OMO auctions were conducted during the first half of the year to deepen the secondary market, boost tradable securities and to mop-up excess liquidity in the banking system. Direct OMO auctions were conducted seventy-one (71) times to mop-up excess liquidity using CBN bills ranging from 39 to 147 days. Total subscription amounted to ₦5,454.46 billion, while total CBN bills sold were ₦4,484.94 billion. The bid rates ranged from 9.95 to 13.4 per cent. The upward review of CRR on both public and private sector deposit resulted in the withdrawal of ₦806.8 billion during the review period. In the corresponding period of 2013, the amount sold was ₦7,099.5 billion, while total subscription was ₦11,532.8 billion. The sum of ₦181.4 billion was expended in the conduct of OMO, compared with ₦360.4 billion in the corresponding half of 2013. CBN bills valued at ₦5,065.6 billion matured and were repaid in the review period, translating to a net injection of ₦580.7 billion in the first half of 2014.

4.1.13.5 The Two-Way Quote Trading in NTBs

The two-way quote trading platform remained inactive in the review period, same as in the corresponding half year of 2013.

4.1.13.6 Repurchase Transactions

There was no request for repurchase transactions in the review period as in the corresponding half year of 2013.

4.1.13.7 Central Bank of Nigeria (CBN) Standing Facilities

In the first half of 2014, the Bank continued to provide standing facilities to deposit money banks and discount houses to enable them meet their short-term liquidity needs and surpluses. The rates for SDF and SLF remained at 10.0 per cent and 14.0 per cent, respectively, throughout the review period as the anchor rate (Monetary Policy Rate) remained at 12.0 per cent.

4.1.13.7.1 Standing Lending Facility (SLF)

On request, Standing Lending Facility were availed to banks and discount houses that were in need to offset their negative closing balances at the end of each business day. The total request for the SLF granted in the first half of 2014 was ₦3,487.9 billion, out of which ₦1,641.7 billion was the automated conversion of Intra-day Facility to overnight repo. The daily average request was ₦29.7 billion in 94 working days, while the interest earned amounted to ₦196.51 million. In comparison with the corresponding period of 2013, the total SLF demanded stood at ₦5,341.5 billion, depicting a daily average of ₦43.6 billion. The development in the review period could be attributed to the inflow from matured FGN Bonds and NTBs.

4.1.13.7.2 Standing Deposit Facility (SDF)

Strong patronage at the SDF window reflected the liquidity surfeit in the system. The daily average deposit at the SDF window in the first half of 2014 was ₦376.1billion, compared with ₦142.3 billion in the corresponding period of 2013. The average interest paid on SDF in the review period stood at ₦0.15 billion, compared with ₦57.70 million in the corresponding period of 2013.

4.1.13.8 Inter-Bank Funds Market

The value of Inter-bank transactions stood at ₦3,646.3 billion, down from ₦13,192.9 billion in the first half of 2013. The unsecured call and tenored segments amounted to ₦87.5 billion, compared with ₦4,548.7 billion in the first half of 2013. At the Open-Buy-Back (OBB) segment, the value of transactions declined to ₦3,558.8 billion, from ₦8,643.9 billion in the first half of 2013. The lower level of transactions at the unsecured segment was attributed, largely, to the launching of new real time gross settlement (RTGS) and Scripless Security Settlement System (S_4), both of which facilitated the transfer of securities and settlement.

4.1.14 Interest Rate Developments

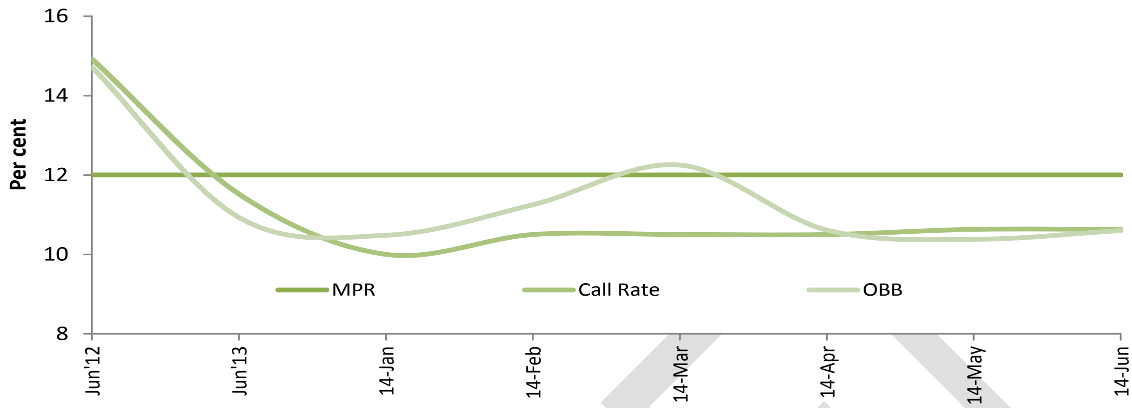
Money market rates were relatively stable in the first half of 2014. Short-term rates in all the segments of the money market were lower than the levels in the corresponding period of 2013. The monthly weighted average inter-bank and OBB rates ranged from 10.00 to 10.63 per cent and 10.38 to 12.25 per cent, respectively. Weighted average inter-bank rate in the first half of 2014 stood at 10.46 per cent, down from 11.52 per cent in the corresponding half of 2013. The OBB average rate declined to 10.93 per cent from 11.27 per cent in the corresponding period of 2013.

Table 14
Money Market Rates
(Per cent)

WEIGHTED AVERAGE					
Month	MPR	Call Rate	OBB	NIBOR 7-days	NIBOR 30-days
Jan-14	12.0	10.00	10.48	10.85	11.18
Feb-14	12.0	10.50	11.25	12.02	12.37
Mar-14	12.0	10.50	12.25	12.77	13.11
Apr-14	12.0	10.50	10.61	11.41	11.80
May-14	12.0	10.63	10.38	10.66	12.41
Jun-14	12.0	10.63	10.60	10.66	12.21
Average 2014 First Half	12.0	10.46	10.93	11.40	12.18
Average 2013 First Half	12.0	11.52	11.27	12.01	12.42

The weighted average of the Nigeria Inter-bank Offered Rate (NIBOR) for the 7- and 30-day tenors were 11.40 and 12.01 per cent, respectively, compared with the 12.01 and 12.42 per cent recorded in the corresponding half of 2013.

Figure 49
Money Market Rates
(per cent)



4.1.14.1 Money Market Rates

4.1.14.1.1 Deposit Rates

Deposit rates rose in the first half of 2014. Average term deposit rate rose by 1.7 percentage points to 8.6 per cent above the level in the corresponding half of 2013. All other rates on deposits of various maturities rose from a range of 4.90 – 8.10 per cent in the first half of 2013 to a range of 4.80 – 8.99 per cent in the review period. The developments in interest rates were attributed to the tight monetary policy stance of the Bank. With the year-on-year inflation rate at 8.2 per cent in June 2014, most deposit rates were negative in real term.

4.1.14.1.2 Lending Rates

In the first half of 2014, the weighted average prime and maximum lending rates rose by 0.1 and 1.0 percentage points to 16.72 and 25.52 per cent, respectively, above the rates in the corresponding period of 2013. Consequently, the spread between the average term deposits and maximum lending rates narrowed to 16.92 from 17.67 percentage points.

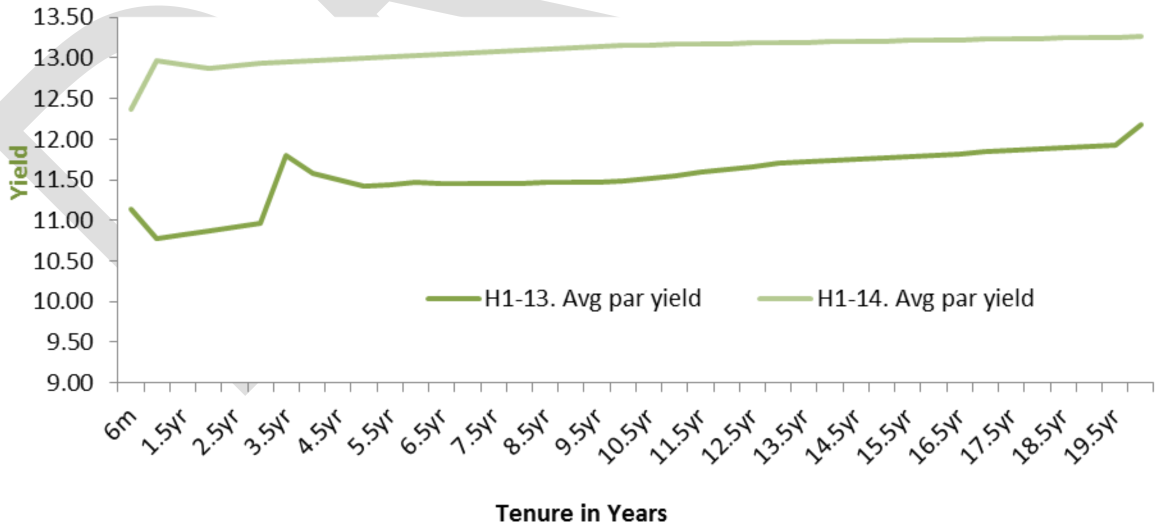
Table 15
DMBs Deposits and Lending Rates
(Per cent)

Month	Savings	Average Term Deposit	Prime Lending	Maximum Lending
Jan-14	3.27	8.43	16.95	25.52
Feb-14	3.26	8.49	16.93	25.83
Mar-14	3.38	8.73	16.69	25.80
Apr-14	3.42	8.69	16.70	25.63
May-14	3.41	8.66	16.50	25.76
Jun-14	3.42	8.57	16.50	24.58
Average 2014 H1	3.36	8.60	16.72	25.52
Average 2013 H1	1.88	6.88	16.60	24.55

4.1.15 Yields on Fixed Income Securities

Yields on fixed income securities were generally higher in the first half of 2014 than in the corresponding period of the preceding year. Yields were more volatile at the shorter end than the medium and the long-term segments of the curve.

Figure 50
Government Bonds Average Yield Curve
(Per cent)



The yield curve remained normal with the average spread (the difference between the longest and shortest maturities) at 0.3 percentage point from 1.4 percentage point in the corresponding period of the preceding year. The development during the review period could be attributed to the overall market stability. It might also be signaling investors' optimism about the medium to long-term expectation of economic activities.

4.1.16 Institutional Savings

Aggregate financial savings rose by 5.0 per cent to ₦9,511.0 billion in the first half of 2014, compared with ₦9,224.4 billion and ₦9,085.6 billion at end-December 2013 and the corresponding period of 2013, respectively. DMBs remained the dominant depository institutions in the financial system, accounting for 90.0 per cent of the total financial savings, compared with 95.2 per cent in the preceding half year. Other savings institutions, namely PMBs, life insurance companies, pension fund custodians, the Nigerian Social Insurance Trust Fund (NSITF), and microfinance banks (MFBs) accounted for the balance.

4.1.17 Other Financial Institutions

4.1.17.1 Development Finance Institutions

Provisional data indicated that total assets of the six (6) Development Finance Institutions (DFIs) namely: Bank of Agriculture (BOA); Bank of Industry (BOI); Federal Mortgage Bank of Nigeria (FMBN); Nigerian Export-Import Bank (NEXIM); The Infrastructure Bank (TIB); and the National Economic Reconstruction Fund (NERFUND) declined by 2.0 per cent to ₦575.10 billion at end-June 2014, from ₦586.7 billion at end-December 2013. Similarly, the aggregate net loans and advances declined by 3.5 per cent to ₦345.60 billion, from ₦358.20 billion at end-December 2013. The decline relative to the preceding half year was attributed to the deterioration in the financial performance of NERFUND. A disaggregation of the asset base of the institutions indicated that BOI, FMBN, BOA, NEXIM, TIB and NERFUND accounted for 51.5, 24.5, 9.1, 9.0, 5.3 and 0.6 per cent, respectively, of the total.

4.1.17.2 Microfinance Banks (MFBs)

Total assets/liabilities of the reporting microfinance banks (MFBs) stood at ₦280.80 billion at the end of the first half of 2014, representing an increase of 3.6 per cent over the level at end- December 2013. Similarly, the paid-up share capital, shareholders' funds and net loans/advances increased by 7.7, 16.2 and 0.4 per cent to ₦72.60 billion, ₦84.80 billion and ₦129.50 billion, respectively, over the levels at end-December 2013. Aggregate reserves also rose to ₦12.10 billion at the end of the review period, compared with ₦5.6 billion at end-December 2013. The developments were due, mainly, to increased capitalisation, which resulted in significant improvement in the operational performance of the institutions. Investible funds available to the sub-sector during the review period amounted to ₦39.30 billion. The funds were sourced mainly, from a reduction in other assets (₦13.40 billion) and increase in deposit liabilities (₦8.5 billion), accumulated reserves (₦6.50 billion) and paid-up capital (₦5.20 billion). The funds were utilised, mainly, to increase bank balances (₦14.90 billion), reduce other liabilities (₦11.60 billion) and increase placements with banks (₦6.60 billion).

4.1.17.3 Discount Houses

Total assets/liabilities of the two (2) discount houses (DHs) in operation during the review period increased by 29.4 per cent to ₦173.20 billion at the end of the first half of 2014, compared with ₦133.80 billion and ₦344.20 billion at end-December 2013 and the corresponding period of 2013, respectively. Aggregate funds sourced amounted to ₦23.40 billion in the first half of 2014, compared with ₦11.30 billion and ₦43.00 billion at end-December 2013 and the corresponding period of 2013, respectively. The funds were mainly, from reduction in claims on the Federal Government (₦11.80 billion), claims on banks (₦8.90 billion) and increase in other liabilities (₦1.20 billion). The funds were utilized, largely, to reduce borrowings (₦9.00 billion), other amount owed to customers (₦7.70 billion) and increased claims on others (₦6.10 billion). Discount houses' investment in Federal Government securities of less than 91-day maturity, amounted to ₦63.90 billion in the review period, representing 50.2 per cent of their total liabilities. This was 9.8 percentage points below the prescribed minimum level of 60.0 per cent for fiscal 2014.

4.1.17.4 Finance Companies (FCs)

Total assets/liabilities of the 61 reporting finance companies (FCs) declined by 0. 3 per cent to ₦102.73 billion at end-June 2014, compared with ₦103.05 billion at end-December 2013. Similarly, total borrowings decreased by 2.4 per cent to ₦57.78 billion at end-June 2014, below ₦59.22 billion recorded at end-December 2013. However, the paid-up capital increased by 7.6 per cent to ₦15.81 billion at end-June 2014, compared with ₦14.69 billion at end-December 2013. Aggregate loans/advances and reserves also increased by 8.3 and 20.3 per cent to ₦50.60 billion and ₦4.30 billion, respectively, reflecting improved operational performance of the FCs. Investible funds available to the institutions during the period amounted to ₦6.34 billion. The funds were sourced, mainly, from reductions in placements with banks (₦3.24 billion), fixed assets (₦0.59 billion), increase in paid-up capital (₦1.12 billion) and reserves (₦0.73 billion). The funds were utilized mainly to increase loans/advances (₦3.87 billion) and reduction in borrowings (₦1.44 billion).

4.1.17.5 Primary Mortgage Banks (PMBs)

Total assets/liabilities of primary mortgage banks (PMBs) decreased by 14.5 per cent to ₦413.70 billion at end-June 2014, compared with ₦484.00 billion at end-December 2013. The development was attributed to the delisting of sixteen (16) PMBs that applied for conversion to other categories of OFIs. The paid-up capital, deposit liabilities and loans/advances also decreased by 14.1, 11.2 and 12.5 per cent to ₦129.00 billion, ₦146.30 billion and ₦137.80 billion, respectively, at end-June 2014. Aggregate reserves, however, improved from negative ₦5.70 billion at end-December 2013 to ₦26.80 billion at end-June 2014; and shareholders' funds also increased by 7.7 per cent to ₦155.80 billion at the end of the first half of 2014. Investible funds available to the sub-sector during the review period amounted to ₦102.70 billion. The funds were sourced, mainly, from the respective reduction of ₦43.50 billion and ₦19.60 billion in investments and loans/advances, and the ₦32.40 billion increase in aggregate reserves. The funds were utilized primarily to reduce other liabilities (₦51.8 billion), paid-up capital (₦21.30 billion), and deposit liabilities (₦18.40 billion).

4.1.17.6 Bureaux-De-Change (BDCs)

There were 3,256 licensed BDCs in operation in the first half of 2014, compared with 2,890 at end-December 2013, indicating a 12.7 per cent increase. The development reflected the issuance of additional 366 licences during the first half of 2014.

4.1.17.7 Asset Management Corporation of Nigeria (AMCON)

During the half year, AMCON's total bond liability to private investors and deposit money banks, was ₦866.00 billion, redeemable on October 31, 2014. The balance of Eligible Bank Assets (EBAs) purchased by the Corporation stood at ₦1.61 trillion at end-June 2014, compared with ₦2.37 trillion and ₦2.72 trillion at end-December 2013 and end-June 2013, respectively. Restructured loans of the Corporation amounted to ₦428.65 billion at end-June 2014, compared with ₦374.35 billion at end-December 2013. The development was an indication that borrowers were finding it difficult to meet their obligations to the Corporation.

The AMCON continued the process of divestment from Enterprise Bank Ltd and Mainstreet Bank Ltd. At the end of the first half of 2014, the seven (7) preferred bidders for Enterprise Bank Ltd were at the point of completing their due diligence, while qualified parties had been shortlisted for the execution of Non-Disclosure Agreements in the divestment process from Mainstreet Bank Ltd. Furthermore, a second public hearing on the proposed amendment of the AMCON Act 2010 was held on February 17, 2014 by the Senate.

4.1.17.8 Nigerian Mortgage Refinancing Company (NMRC)

The Nigerian Mortgage Refinance Company (NMRC) was launched by the President on January 16, 2014. Although the Company was yet to meet the conditions for grant of final approval by the CBN at end-June 2014, it was focused at fulfilling the conditions and disbursing its first set of mortgage refinance loans in the second half of 2014.

4.1.18 Capital Market Developments

4.1.18.1 Institutional Developments

During the first half of 2014, the capital market regulatory authorities continued to implement various measures towards sustaining investors' confidence and engendering market efficiency. A major initiative of the Securities and Exchange Commission (SEC) in the review period was the inauguration of the pilot Warehouse Receipt Scheme. The Scheme was expected to provide a centralised market place for commodity producers and address the persistent problems of limited access to credit by farmers. The Scheme, when fully operational, would facilitate price discovery, reduce risk and costs, and improve market efficiency. Also, in the review period, the Commission introduced electronic filling for the market and, thus, commenced e-review and e-filling process of transactions through dedicated e-mail process.

As part of its efforts at sanitizing the market, the SEC successfully concluded the review of database of capital market operators (CMO), deregistered dormant CMOs, registered fresh CMOs and implemented a regular database validation exercise. The Commission also produced a surveillance manual for the market. Similarly, a capital adequacy assessment exercise of all registered fund managers was conducted by the SEC. The exercise revealed that: fifty-three (53) firms had adequate capital; nine (9) inadequate capital; thirty-one (31) grossly inadequate; while there was no information on thirty-six (36) fund managers. Also, the Commission conducted a review of nine (9) banks' divestment from non-permissible banking businesses in line with the CBN's guidelines. Other regulatory activities carried out included: receipt and resolution of complaints against capital market operators; and off-site inspection of operations of CMOs, among others.

In line with its policy of continuous monitoring and improvement to sustain the vibrancy of the market, the Nigerian Stock Exchange Council carried out its biannual review of the NSE Indices. Having considered mergers, takeovers, suspension or resumption of trading or any other changes in company structure, which may have taken place during the period, the Council reconstituted the stocks that make up the indices, including the NSE-30, NSE-Banking, NSE-Consumer Goods, NSE-Oil & Gas, NSE-Industrial, NSE-Lotus Islamic and NSE-Insurance.

4.1.18.2 The Nigerian Stock Exchange (NSE)

Developments in the Nigerian stock market were mixed in the first half of 2014. In the primary market segment, there were a total of six (6) new issues, comprising two (2) rights issues and one (1) each of Private Placement, Global Equity Offering, Special Placement and Corporate Bond. In addition, the SEC approved applications for thirty eight (38) equity offers, ten (10) bond issues and twenty five (25) allotments. In the secondary segment of the market, the aggregate volume and value of securities traded fell by 9.5 and 2.1 per cent to close at 52.8 billion shares valued at ₦579.30 billion, in 619,318 deals, compared with 58.3 billion shares valued at ₦591.70 billion, in 764,560 deals recorded in the corresponding period of 2013, respectively. The All-Share Index (ASI) and aggregate market capitalization, however, rose by 2.8 and 0.1 per cent to close at 42,482.48 and ₦19.09 trillion, respectively, compared with 41,329.19 and ₦19.08 trillion at end-December 2013.

4.1.18.3 New Issues Market

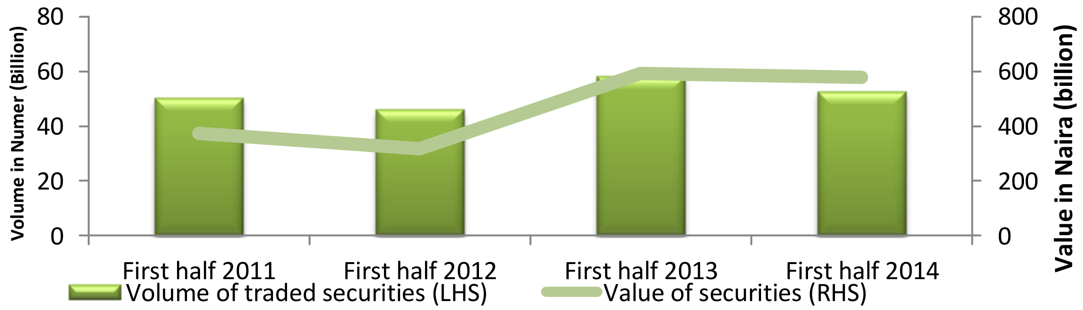
The Exchange recorded six (6) new listings, consisting of five (5) equities and one (1) debt issue in the first half of 2014. The new equity issues comprised two (2) rights issue, and one (1) each of Private Placement, Special Placement and Global Equity Offering. One (1) Corporate Bond issue was also made in the review period. A total of ₦134.10 billion was raised from all the new listings, with the bulk, ₦129.60 billion (96.6 per cent) from equities, while the debt issuance accounted for the balance of ₦4.50 billion (3.4 per cent).

4.1.18.4 The Secondary Market

Available data indicated that transactions on the secondary segment of the Nigerian Stock market declined in the first half of 2014. Aggregate volume and value of securities traded fell by 9.5 and 2.1 per cent to close at 52.8 billion shares valued at ₦579.30 billion, respectively in 619,318 deals, compared with 58.3 billion shares valued at ₦591.70 billion, in 764,560 deals recorded in the corresponding period of 2013, respectively. The equities sub-sector sustained its dominance in the secondary segment of the market as it accounted for 99.9 per cent of the aggregate trade transactions, while the debt market accounted for the balance. Sectoral analysis of the developments in the market indicated that the financial services sector (driven largely by activities in the banking sub-sector) remained the most active on the Exchange with a traded volume of 39.4 billion shares, valued at ₦305.80 billion in 335,956 deals, compared with 42.5 billion shares, valued at ₦327.70 billion in 446,996 deals in the first half of 2013.

Provisional data on cumulative transactions on the Over-the-Counter (OTC) bond segment of the market, showed a turnover of 21.08 million units worth ₦20.45 billion in 40 deals in the first half of 2014, compared with a turnover of 4.74 billion units worth ₦5.59 trillion in 27,895 deals in the corresponding period of 2013.

Figure 51
Volume and Value of Transactions at the NSE

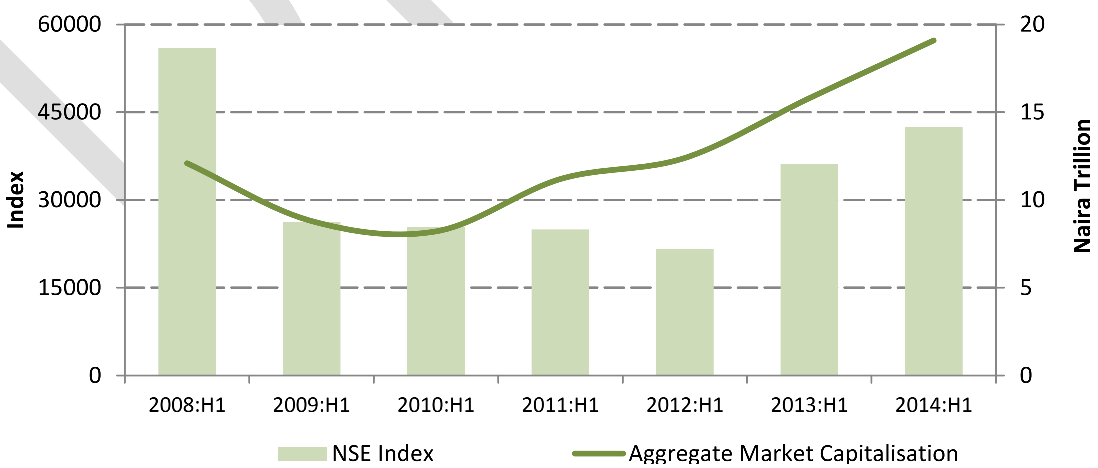


4.1.18.5 All-Share Index and Aggregate Market Capitalisation

The All-Share Index (ASI) recorded moderate performance relative to the level at end-December 2013. The NSE ASI rose by 2.8 per cent to 42,482.48 at the end of the first half of 2014, compared with 41,329.19 at end-December 2013. It indicated a 17.5 per cent increase, compared with the level at the end of the first half of 2013. Aggregate market capitalisation of all the listed securities closed at ₦19.09 trillion, indicating increase of 0.1 and 20.9 per cent over the levels at end-December 2013 and the corresponding period of 2013, respectively. Listed equities accounted for 73.5 per cent of the aggregate market capitalization (₦14.03 trillion), while the debt component accounted for the balance of 26.5 per cent (₦5.06 trillion). The top twenty (20) most capitalized companies on the Exchange accounted for 84.5 per cent (₦11.90 trillion) of the total equity capitalization and 62.3 per cent of the aggregate (equity plus debt) market capitalisation. Six (6) banks, representing 30.0 per cent, made the list of the top twenty (20) most capitalized companies and accounted for ₦2.60 trillion (18.2 per cent) of the total equity market capitalization, compared with eight (8) banks in the corresponding period of 2013.

As a percentage of estimated nominal GDP, aggregate market capitalization stood at 45.1 per cent, compared with 40.8 per cent recorded at end of the first half of 2013.

Figure 52
Market Capitalisation and NSE Value Index

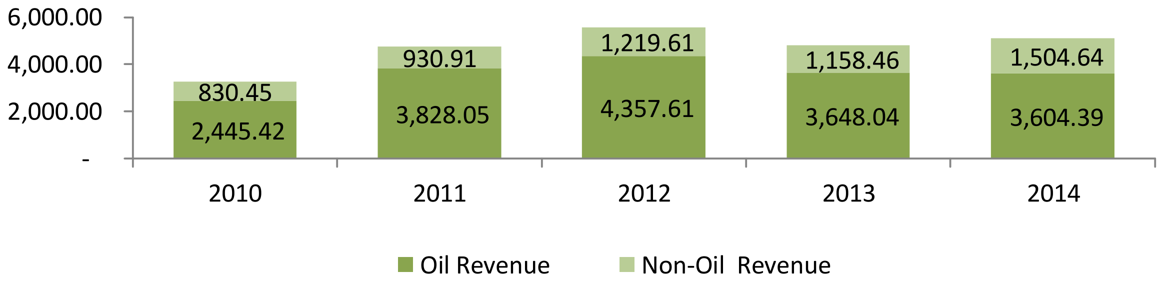


4.2 FISCAL OPERATIONS

4.2.1 Federation Account Operations

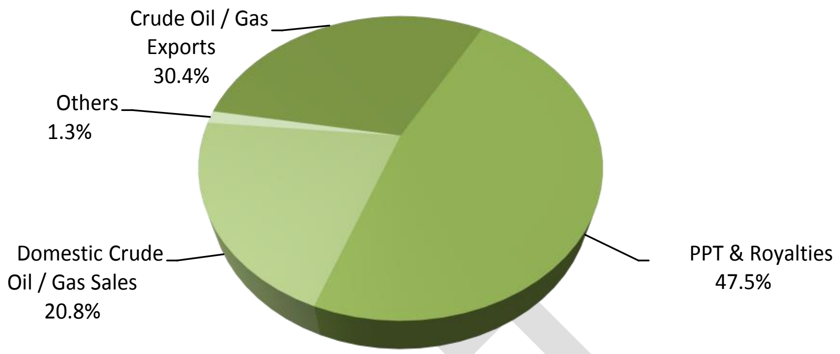
Provisional gross federally-collected revenue in the first half of 2014 stood at ₦5,109.03 billion or 12.1 per cent of GDP. This was below the proportionate budget estimate by 6.0 per cent, but above the level in the corresponding period of 2013 by 6.3 per cent. The decrease in federally-collected revenue relative to the proportionate budget estimate was as a result of the decline in non-oil revenue. Oil revenue constituted 70.5 per cent of total revenue, while non-oil revenue accounted for the balance.

Figure 53
Structure of Gross Federation Revenue
(First Half 2014, ₦' Billion)



At ₦3,604.39 billion or 8.5 per cent of GDP, gross oil revenue grew by 0.6 per cent above the proportionate budget estimate, but was 1.2 per cent below the level in the first half of 2013. The improvement in oil revenue relative to the budget estimate was attributed largely to the sustained high price of crude oil in international market, despite the incessant pipeline vandalism and oil theft in the Niger Delta region, which constrained crude oil/gas production and exports during the period.

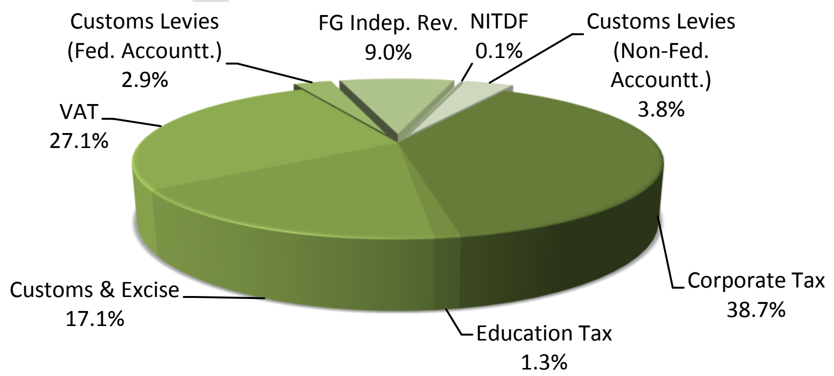
Figure 54
Composition of Oil Revenue
(First Half 2014)



The sums of ₦684.05 billion and ₦440.67 billion were deducted from the gross oil receipts for Joint Venture Cash Calls; and Excess Crude Oil, Excess PPT/Royalty Accounts, and "Others", respectively, leaving a net balance of ₦2,479.67 billion that was transferred to the Federation Account.

Gross revenue from non-oil sources, at ₦1,504.64 billion or 3.6 per cent of GDP, fell below the proportionate budget estimate by 18.9 per cent, but rose by 29.9 per cent, compared with the level in the corresponding period of 2013. The fall in non-oil revenue relative to the budget estimate was attributed mainly to the decline in receipts from customs duties arising from reduced volume of imports.

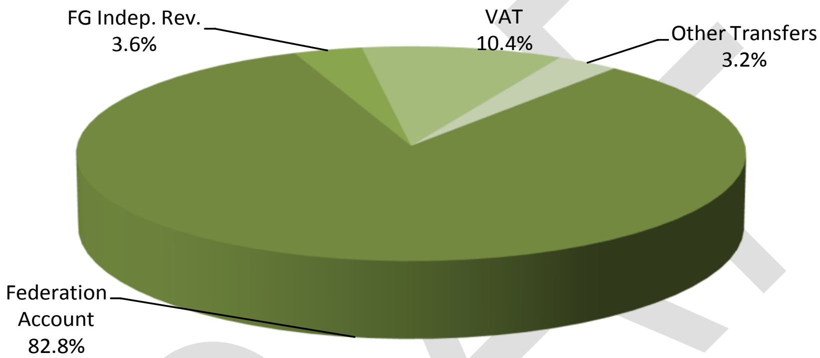
Figure 55
Composition of Non-Oil Revenue
(First Half 2014)



The sum of ₦217.35 billion was deducted from the non-oil revenue as cost of collection, leaving a net distributable balance of ₦1,287.29 billion.

Overall, the federally-collected revenue (net) amounted to ₦3,766.96 billion. Of this amount, the sums of ₦3,118.87 billion (82.8%), ₦134.01 billion (3.6%), ₦391.63 billion (10.4%) and ₦122.45 billion (3.2%) were transferred to the Federation Account, FG Independent Revenue, VAT Pool Account and "Other transfers"[1], respectively.

Figure 56
Federally Collected Revenue Distribution
(First Half 2014)



4.2.1.1 Revenue Distribution for First Half, 2014

Statutory revenue to the three tiers of government and the 13% Derivation Fund[2] from the Federation Account (including SURE-P[3] and NNPC Refunds) and VAT Pool Account was ₦3,754.26 billion in the first half of 2014. The amount was below both the proportionate budget estimate and the level in the first half of 2013 by 10.4 and 15.3 per cent, respectively. A breakdown showed that the Federation Account amounted to ₦3,118.87 billion (83.1%); NNPC Refunds, ₦30.47 billion (0.8%); SURE-P, ₦213.29 billion (5.7%) and VAT Pool Account, ₦391.63 billion (10.4%).

[1] Includes Education Tax Fund, Customs Special Levies (Federation and Non-Federation) and National Information Technology Development Fund.
[2] Amount shared among the oil producing states from the total oil revenue.
[3] Subsidy Re-investment and Empowerment Programme, is the additional revenue to government from the partial removal of petroleum subsidy.

4.2.1.1.1 Federation Account Distribution

Distribution from the Federation Account to the three tiers of government in the first half of 2014 was as follows: Federal Government, ₦1,473.20 billion; while states and local governments received ₦747.23 billion and ₦576.08 billion, respectively. The balance of ₦322.36 billion was shared as the 13% Derivation Fund among the oil producing states.

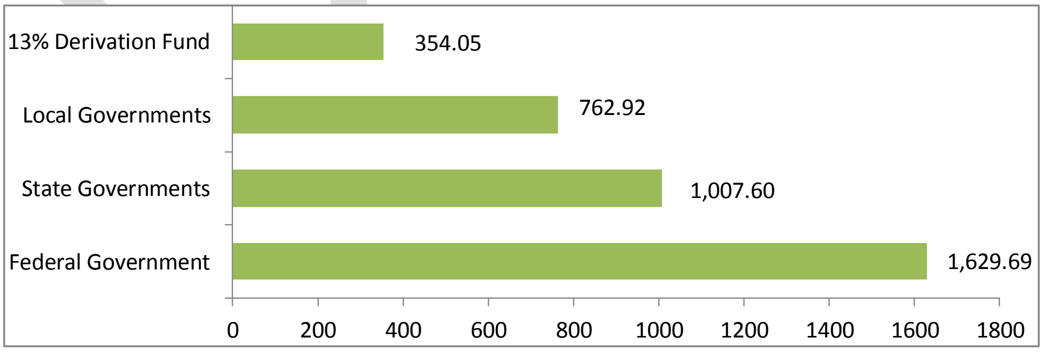
In addition, the Federal Government received ₦97.75 billion, while states and local governments as well as the 13% Derivation Fund got ₦49.58 billion, ₦38.23 billion and ₦27.73 billion, respectively, from the SURE-P. Furthermore, states and local governments received ₦14.97 billion and ₦11.54 billion, while the 13% Derivation Fund got N3.96 billion from NNPC Refunds.

4.2.1.1.2 VAT Pool Account

The sum of ₦391.63 billion accrued to the VAT Pool Account in the first half of 2014, representing a decrease of 3.5 per cent below the proportionate budget estimate for the fiscal year. The distribution among the three tiers of government was as follows: Federal Government, ₦58.74 billion; state governments, ₦195.82 billion; and local governments, ₦137.07 billion.

Overall, the total federation revenue distribution for the period fell below the 2014 proportionate budget estimate by 10.4 per cent.

Figure 57
Distributions to the Tiers of Government
(First Half 2014, ₦' Billion)

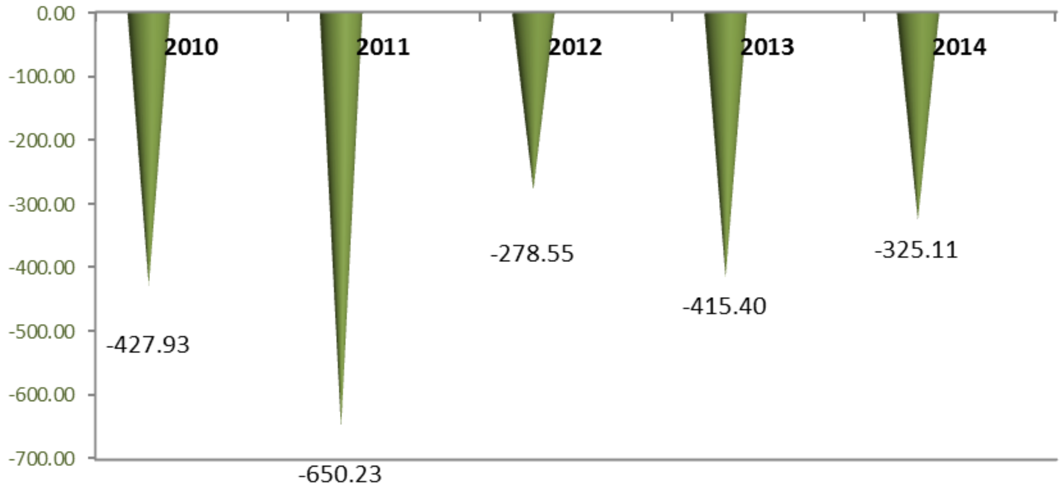


4.2.2 Federal Government Finances

4.2.2.1 Federal Government Fiscal Balance

The fiscal operations of the Federal Government in the first half of 2014 resulted in overall deficit of ₦325.11 billion or 0.8 per cent of GDP as against the proportionate budget estimate and corresponding period of 2013 deficit of ₦482.10 billion and ₦415.40 billion, respectively. The deficit was financed mainly from domestic sources through the issuance of FGN Bonds and loans from the Special Fund (Development of Natural Resources).

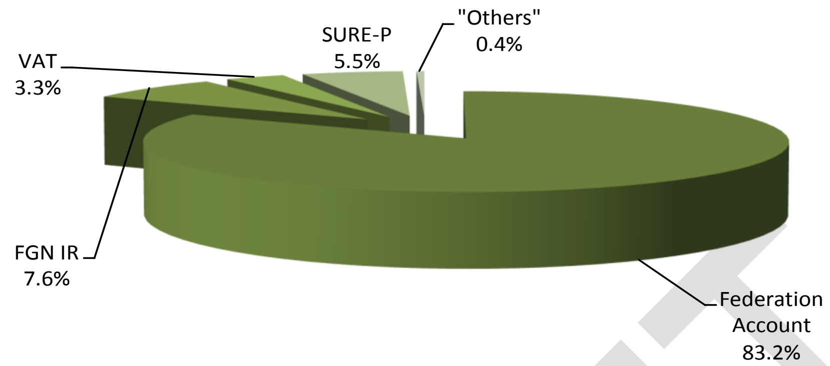
Figure 58
FGN Fiscal Balance
(First Half 2014, ₦' Billion)



4.2.2.2 Federal Government Retained Revenue

At ₦1,771.27 billion or 4.2 per cent of GDP, the estimated retained revenue of Federal Government was lower than both the proportionate budget estimate and the level in the corresponding period of 2013 by 17.0 and 9.6 per cent, respectively. The decline in retained revenue, relative to the proportionate budget estimate, was attributed largely to the drop in the FGN independent revenue and the share from the Federation Account. Analysis of the retained revenue revealed that the share from the Federation Account was ₦1,473.20 billion (83.2%); VAT Pool Account, ₦58.75 billion (3.3%); Federal Government Independent Revenue, ₦134.01 billion (7.6%); SURE-P, ₦97.75 billion (5.5%); and "Others", ₦7.56 billion (0.4%).

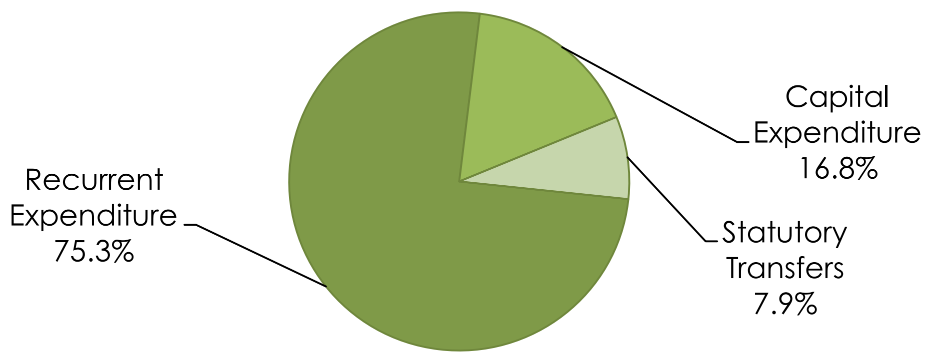
Figure 59
Composition of Federal Government Retained Revenue (First Half 2014)



4.2.2.3 Total Expenditure of the Federal Government

The estimated aggregate expenditure of the Federal Government in the first half of 2014 was ₦2,096.37 billion or 5.0 per cent of GDP. This fell by 19.9 and 11.8 per cent below the proportionate budget estimate and the level in the corresponding period of 2013, respectively. The decline in total expenditure relative to the proportionate budget estimate was accounted for, largely by delay in capital releases induced by the late passage of the 2014 Appropriation Bill. Non-debt expenditure fell below the proportionate budget estimate by 28.4 per cent and constituted 77.2 per cent of total expenditure. Total debt service amounted to ₦477.80 billion, representing 22.8 per cent of the total.

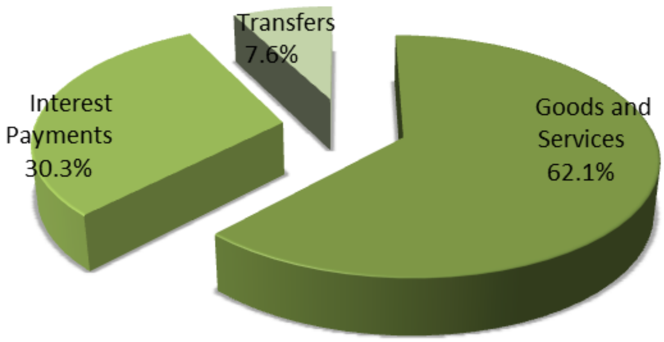
Figure 60
Composition of Federal Government Expenditure (First Half 2014)



At ₦1,577.88 billion, recurrent expenditure fell by 8.1 per cent below the proportionate budget estimate and accounted for 75.3 per cent of the total. The reduction was due to the decline in outlay on goods and services. As a percentage of GDP, it contracted to 3.7 per cent, from the 4.4 per cent recorded in the first half of 2013. A breakdown of the recurrent expenditure showed that the goods and services component, at ₦979.27 billion (62.1%) of the total, fell by 20.2 per cent below the half year budget estimate. This was largely due to the reduction in overhead cost and pension payments. Analysis of the goods and services component revealed that personnel cost and pensions amounted to ₦827.01 billion (84.5%), while overhead cost was ₦152.26 billion (15.5%).

Furthermore, interest payments[4] which was 30.3 per cent of the total or 1.1 per cent of GDP, rose to ₦477.80 billion (34.2%), relative to the proportionate budget estimate for 2014. Of the amount, the sum of ₦36.36 billion was expended on external debt service and ₦441.44 billion on domestic debt service. Transfers to the Special Funds (FCT, Stabilization Fund, Development of Natural Resources and Ecology Funds) and "Others" explained ₦120.81 billion or 7.6 per cent of the recurrent expenditure.

Figure 61
Economic Classification of FG Recurrent Expenditure, 2014 (First Half 2014)



Provisional data on functional classification of recurrent expenditure showed that the outlay on administration was ₦460.13 billion and accounted for 29.2

[4]This includes interest payments on overdraft.

per cent of the total. When compared with the level in the corresponding period of 2013, it fell by 26.5 per cent due mainly to the reduction in allocations to general administration. Also, spending on social and community services declined by 17.2 per cent and explained 15.8 per cent of the total. However, "Transfers" rose by 9.4 per cent to ₦666.52 billion, and constituting 42.2 per cent of the total. In addition, expenditure on the economic sector, at ₦202.19 billion, increased by 13.4 per cent and accounted for 12.8 per cent of total recurrent expenditure.

Capital expenditure, at ₦353.15 billion or 0.8 per cent of GDP, was lower than the proportionate budget estimate by 49.1 per cent, reflecting the slow pace of capital releases during the period. It also accounted for 16.8 per cent of the total expenditure. As a proportion of Federal Government revenue, capital expenditure, at 19.9 per cent was close to the stipulated minimum target of 20.0 per cent under the WAMZ secondary convergence criteria.

Functional analysis of capital expenditure showed that outlays in the economic sector represented ₦90.42 billion or 25.6 per cent of the total, compared with 44.3 per cent in the preceding period. Public investment in social and community services accounted for 12.3 per cent, while administration and transfers were 34.6 and 27.5 per cent of capital outlay, respectively.

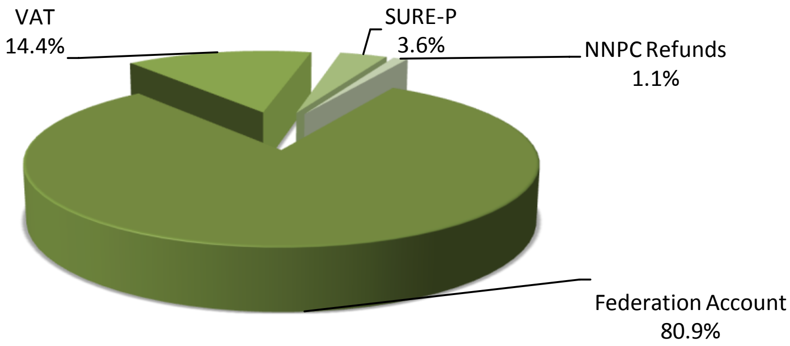
Statutory transfers at ₦165.34 billion or 0.4 per cent of GDP, was lower than the proportionate budget estimate by 19.1 per cent and accounted for 7.9 per cent of the total expenditure.

4.2.3 State Government Finances

Aggregate statutory allocations (gross) to state governments from the Federation Account (SURE-P and NNPC Refunds) and VAT Pool Account totalled ₦1,361.64 billion in the first half of 2014. This was 6.4 and 15.9 per cent below the proportionate budget estimate and the level in the corresponding period of 2013, respectively. A breakdown showed that allocation from the Federation Account was ₦1,101.27 billion (80.9%); NNPC Refunds, ₦14.97

billion (1.1%); SURE-P, ₦49.58 billion (3.6%); and VAT Pool Account, ₦195.82 billion (14.4%).

Figure 62
Composition of Total Allocations to State Governments (First Half 2014)



The sum of ₦107.50 billion was deducted as state governments' contractual obligations[5] from their share of the Federation Account, leaving a net distributable balance of ₦993.77 billion. Of the net sum, ₦354.05 billion was allocated to the oil-producing states as 13% Derivation Fund and the balance to the 36 states.

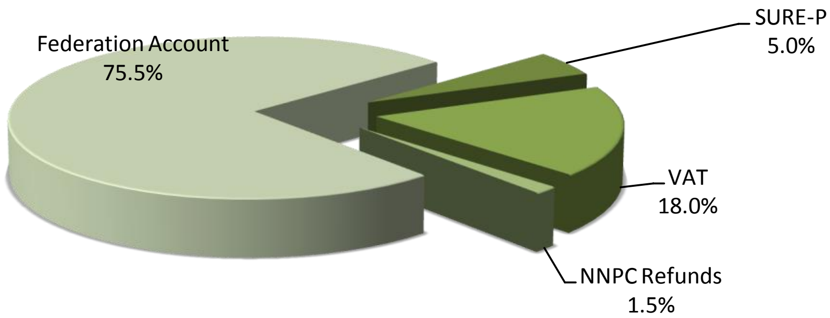
The allocations to the states from the VAT Pool Account, represented an increase of 7.6 per cent over the level in the first half of 2013, while that of NNPC Refunds showed a decrease of 33.3 per cent as refunds were completed in April 2014. Allocation from SURE-P remained at the same level as in the first half of 2013. Consequently, the net statutory allocation to states (including 13% Derivation) was 19.2 per cent below the level in the first half of 2013. Further analysis of the state governments' allocation showed that Akwa Ibom, Delta and Rivers received 9.7, 7.4, and 7.2 per cent of the total, respectively. Conversely, Kwara, Ebonyi and Ekiti got the least with approximately 1.7 per cent each.

[5] Includes contribution to external debt service fund, payments for fertilizer, State Agricultural Project, National Fadama Project and the National Agricultural Technology Support Programme.

4.2.4 Local Government Finances

Aggregate statutory allocation to the 774 local governments from the Federation Account (including SURE-P and NNPC Refunds) and VAT Pool Account was ₦762.92 billion in the first half of 2014, indicating a decline of 13.3 per cent from the level in half year of 2013. A breakdown revealed that allocation from the Federation Account was ₦576.08 billion (75.5%); NNPC Refunds, ₦11.54 billion (1.5%); SURE-P, ₦38.23 billion (5.0%) and VAT Pool Account, ₦137.07 billion (18.0%). A further breakdown on state basis indicated that Lagos, Kano and Katsina received 5.7, 5.6 and 4.2 per cent of the total, respectively, while FCT, Gombe and Bayelsa got the least with 1.6, 1.5 and 1.2 per cent, respectively.

Figure 63
Composition of Statutory Allocations to Local Governments (First Half 2014)



4.2.5 Public Debt

4.2.5.1 Consolidated Federal Government Debt

The consolidated debt stock of the Federal Government at end-June 2014 was ₦8,881.40 billion or 10.5 per cent of GDP[6]. This represented an increase of 4.6 per cent over the level at end-December 2013. Of the total debt stock, domestic debt accounted for ₦7421.40 billion or 83.6 per cent, while external debt amounted to ₦1,460.30 billion (US$9.38 billion) or 16.4 per cent of the total.

[6] Estimated 2014 GDP.

Figure 64
Composition of Federal Government Consolidated Debt
(First Half 2014)

4.2.5.2 Domestic Debt

At ₦7421.40 billion or 8.8 per cent of estimated GDP, the Federal Government securitised domestic debt at end-June 2014 was above the level at end-December 2013 by 4.2 per cent. The increase was due to the issuance of additional FGN Bonds and Nigerian Treasury Bills during the period.

Further analysis showed that the banking system remained the dominant holder of the Federal Government outstanding domestic debt with ₦4,694.35 billion or 63.3 per cent, the non-bank public accounted for ₦2,542.68 billion or 34.3 per cent and Sinking Fund accounted for the balance of ₦184.07 billion or 2.4 per cent.

4.2.5.3 External Debt

Total external debt stock (Federal and States, including the Federal Capital Territory (FCT)) at end-June 2014 was US$9.38 billion or 1.7 per cent of estimated GDP. This represented an increase of 6.3 per cent above the level at end-December 2013, reflecting additional multilateral loans of US$0.46 billion. A breakdown by holders indicated that 71.8 per cent was owed to the multilateral creditors, while the balance of 28.2 per cent was non-Paris Club Bilateral and Commercial debt.

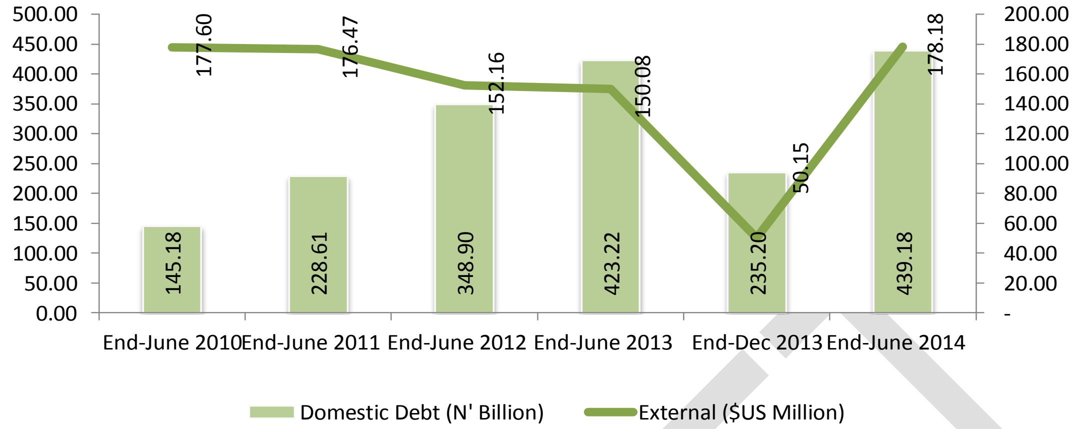
Figure 65
Breakdown of External Debt Stock
(First Half 2014, US$ Billion)

Further analysis of the external debt stock showed that US$6.36 billion or 67.9 per cent of the total was owed by the Federal Government, while the balance of US$3.02 billion or 32.1 per cent was by states and the FCT.

4.2.5.4 Total Debt Service Payments

The consolidated debt service payment by the Federal Government at end-June 2014 stood at ₦467.21 billion or 1.1 per cent of GDP, representing an increase of 92.2 per cent above the level at end-December 2013. Principal repayment (amortisation on external debt) accounted for ₦11.40 billion or 2.4 per cent, while the balance of ₦455.80 billion or 97.6 per cent was for interest payments. A further breakdown showed that ₦28.03 billion (US$178.18 million) or 6.0 per cent of total debt service was expended on external debt, while the balance of ₦439.18 billion or 94.0 per cent went to domestic debt.

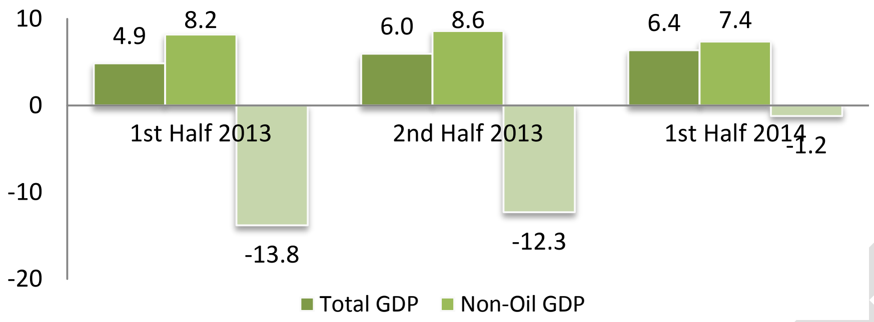
Figure 66
Breakdown of External Debt Service Payments
(First Half 2014)



4.3 REAL SECTOR DEVELOPMENTS

Provisional data from the National Bureau of Statistics (NBS) showed that the gross domestic product (GDP), at 2010 constant basic prices, rose by 6.4 per cent in the first half of 2014, relative to 4.9 per cent in the first half of 2013. The development reflected, largely, the growth in the non-oil sector, which rose by 7.4 per cent. Conversely, growth in the oil sector fell by 1.2 per cent, due to the decline in crude oil production, arising from recurrent theft and closure of oil installations. The agricultural sector recorded a growth rate of 4.6 per cent, while industry grew by 5.9 per cent. Similarly, construction, services and trade recorded respective growth rates of 14.0, 7.2 and 5.7 per cent in the first half of 2014. In terms of relative contribution to GDP, services, industry, trade, agriculture and construction contributed 2.6, 1.3, 1.0, 0.9 and 0.6 per cent, respectively.

Figure 67
GDP Growth Rate
(per cent)



4.3.1 Agriculture

4.3.1.1 Agricultural Policies and Institutional Support

The Federal Government developed a National Agricultural Resilience Framework (NARF) to enhance food security and create social stability, in the first half of 2014. The Framework formed the basis for the national policy on strategies to reduce Nigeria's food vulnerability through enhanced productivity and attainment of environmental resilience. The objectives of the Framework include:

- Strengthening the overall policy/ institutional framework for improved resilience and adaptation to climate variability and change in the agricultural sector;
- Evaluating and introducing climate risk management and transfer strategies in the agricultural sector planning and project implementation; as well as widespread deployment of same through communication technologies;
- Improving productivity through training of community and grass root farmers on land and water management strategies, modern farming practices and using policy instruments such as economic incentives, regulations and communication;

- Reinforcing social safety nets through support systems that reduce vulnerability and improve livelihood conditions for the vulnerable, especially women and children;
- Improving research capacity in farming systems within the National Agricultural Research System (NARS) to enable climate friendly agriculture in Nigeria; and
- Revamping extension services, including building new capacity for evidence-based assessment and management of climate risk.

As part of effort to encourage domestic production and investment in rice value chain through backward integration, government approved the 2014 – 2017 fiscal policy measure on rice with effect from May 26, 2014. The Policy was designed to reduce the levy on husked brown, semi-milled and wholly-milled rice from 100.0 per cent to 20.0 per cent plus a 10.0 per cent duty rate for investors. Also, a reduction in levy from 100.0 per cent to 60.0 per cent plus a 10.0 per cent duty rate was approved for traders of the commodity. The sustained support of the government for private sector participation in the rice sub-sector continued to manifest with the completion of the US$900.0 million integrated rice project by Olam Farms Nigeria Limited. The project has a processing capacity of 210,000 tonnes of rice per annum and a farm size of 10,000 hectares.

Under the Growth Enhancement Scheme (GES) component of the Agricultural Transformation Agenda (ATA), the number of registered farmers exceeded the 10 million mark in the review period. The registration of artisanal fishermen and fishing canoes commenced during the period. The fisheries sub-sector received a boost with the establishment of fingerlings production centres in the 36 states of the Federation under the Fish Seed Development Programme. Furthermore, a deep sea fishing vessel was acquired by the Federal Government for the exploitation of lantern and drift fish used for compounding fish meal.

In the crop sub-sector, 966.5 tonnes of certified seeds were produced and distributed to farmers under the West Africa Agricultural Productivity Programme (WAAPP – Nigeria), in collaboration with research institutes during the period. Six staple crop processing zones (SPZ) were established in Kogi, Niger, Kano, Enugu/ Anambra, Lagos and Rivers states, to process fresh cassava tubers into starch, sweeteners and sorbitol.

To bridge the financing gap for agribusinesses, government established the Fund for Agricultural Financing (FAFIN) in collaboration with the German Development Bank (KFW). The Fund is a private and quasi equity debt fund, which would deploy US$100.0 million in long-term finance to agribusinesses and provide equity financing, ranging from US$2.0 million to US$5.0 million to qualified agribusinesses. The World Bank approved a US$495.3 million credit for improving farmers' access to irrigation and drainage services, strengthening institutional arrangements for integrated water resources management and improving the delivery of agricultural services in selected large scale public schemes in Northern Nigeria.

4.3.1.2 Agricultural Production and Prices

Agricultural output recorded modest growth in the first half of 2014. At 271.1 (2010=100), the estimated index of agricultural production increased by 5.5 per cent, compared with the 2.5 per cent growth recorded in the same period of 2013. The growth in agricultural output, during the review period was attributed mainly to favourable weather condition and sustained implementation of various policy measures.

All the sub-sectors of agriculture contributed to its growth in the review period. The output of crops rose by 5.4 per cent, compared with 1.9 per cent recorded in the first half of 2013, with staples rising by 5.5 per cent, compared with 1.9 per cent in the same period. The output of other crops also increased by 4.3 per cent, compared with 8.4 per cent in the corresponding period of 2013. The output of livestock, forestry and fishery grew by 5.6, 6.5, and 8.4 per cent, compared with 6.7, 5.9 and 9.6 per cent, respectively, in the first half of 2013.

A survey by the CBN indicated that the domestic retail price of selected agricultural commodities trended upward over the level in the first half of 2013. The price increase ranged from 0.6 per cent for white maize to 30.4 per cent for cocoa. The price increase, particularly for food commodities, was attributed largely to distribution constraints arising from the incessant security challenges in some parts of the country. However, cocoa price rose due to favourable developments in the world commodity market.

The dollar-based all-commodities price index of Nigeria's major agricultural export commodities at the London market increased during the first half of 2014. At 408.9 (1990=100), it rose by 30.7 per cent in contrast to a decrease of 5.5 per cent in the corresponding period of 2013. Five of the six commodities monitored namely; cotton, palm oil, coffee, cocoa and copra, recorded price increase of 2.2, 4.4, 29.6, 33.7 and 63.4 per cent, respectively. The increase in commodity prices was attributed largely to speculative activities by traders and unfavourable weather conditions, which affected the supply of the commodities. However, soya bean recorded a price decrease of 3.2 per cent, compared with an increase of 8.3 per cent in the corresponding period of 2013. This was due to increased supply arising from favourable weather conditions in key producing countries.

4.3.2 Industry

4.3.2.1 Industrial Policy and Institutional Support

The Federal Government's effort to ensure steady power supply in the country received further boost during the period under review. A Memorandum of Understanding (MoU) was signed with the Democratic Republic of Congo for the importation of electricity from the Inga Dam Power Plants, for both local consumption and export to other countries. The Plants would provide 40,000mw on full exploitation. Also, the World Bank Group confirmed its support for the power sector reforms by providing Nigeria with loans and guarantees worth US$1.2 billion to fund electricity projects. The projects being supported are a 459MW power station (Azura Edo Power Plant) in Edo State and a 533-MW facility in Akwa Ibom State (Qua Iboe Power Plant).

To boost skilled manpower in the power sector, the National Power Training Institute of Nigeria (NAPTIN) signed an MoU with Schneider Electric, for the training of Nigerian electrical engineers. Schneider would train instructors who would in-turn train technicians involved in professional electrical wirings. The Institute is also partnering with the University of Lagos, Lagos; Bayero University, Kano; Federal University of Technology, Minna and the University of Science and Technology, Owerri for post-graduate training of engineers in the sector.

Furthermore, the Federal Government set aside US$300.0 million within the period as a partial risk guarantee to protect investors in the power sector. The partial risk guarantee is a risk-sharing mechanism that provides banks with a partial coverage of risk exposure against loans made for energy efficient projects. The fund was domiciled with the CBN.

Government also approved the preferred bidders for seven of the ten power plants owned by the Niger Delta Power Holding Company (NDPHC), under the National Integrated Power Plants (NIPP). The NIPP assets sale entailed a divestment of 80.0 per cent equity and was expected to generate about US$6.0 billion for the government. EMA Consortium was confirmed as the preferred bidder for the Benin and Calabar generation companies with a bid of US$580.0 million and US$625.0 million, respectively. Dozzy Integrated Power Limited was confirmed the preferred bidder for Egbema generation company with a bid of US$415.7 million.

Seoul Electric Power Limited, was confirmed the preferred bidder for Geregu generation company with a bid of US$690.2 million, while Ogorode and Olorunsogo generation companies had Daniel Power Consortium and ENL Consortium Limited as their preferred bidder with a bid of US$532.8 million and US$751.2 million, respectively. Omotosho Electric Power also emerged as the preferred bidder for Omotosho Generation Company with a bid of US$659.9 million. The sale of Alaoji, Omoku and Gbarain generation companies were stepped down, pending the resolution of outstanding litigation.

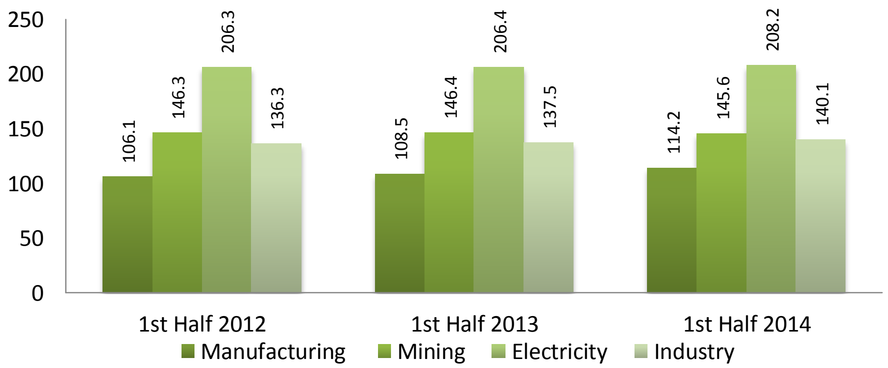
The auto industry also received a boost in the period under review, following the various incentives in the National Automotive Industry Development Plan (NAIDP). Sixteen (16) companies were at various stages of establishing assembly plants in the country. In addition, Peugeot Automobile Nigeria Limited, Leyland, Fiat, Volkswagen and Mercedes, which businesses waned as a result of unfavourable operational environment, had commenced rehabilitation work to resume business operations in the country. Also, the Stallion Group, a West African conglomerate, successfully rolled out its first Nissan-branded vehicle from its Lagos assembly plant in the period. The feat followed the signing of an MoU on local assembly between the Renault-Nissan Alliance and the Stallion Group in 2013.

To sustain these positive developments and put the nation on a sustainable economic path, the Federal Government approved new tariff regime of zero per cent on completely knocked down units to support local assemblies. Also, the duty and levy on imported new and used cars were raised from 20.0 to 70.0 per cent, to be implemented in phases. The first phase of the policy involving 35.0 per cent duty increase, came into effect in the period under review, while the second phase of 35.0 per cent increase in levy would commence in January 2015.

4.3.2.2 Industrial Production

Provisional data showed improved activities in the industrial sector in the first half of 2014. At 140.1 (1990=100), estimated index of industrial production increased by 1.9 per cent over the level in the corresponding period of 2013. This was attributed to increased activities in the manufacturing and electricity sub-sectors.

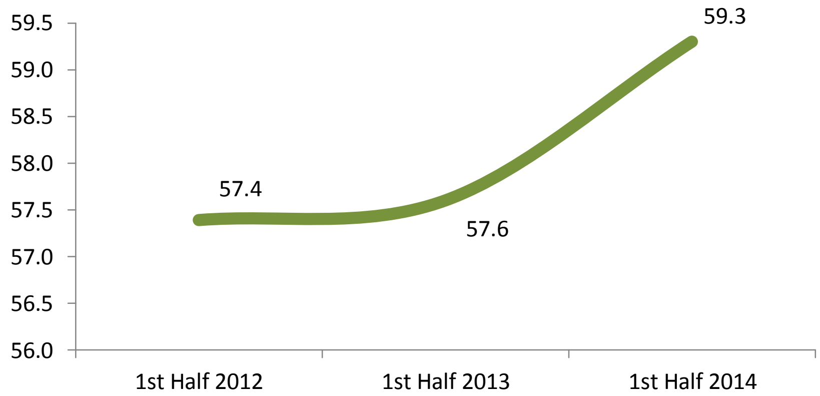
Figure 68
Industrial Production Index
(First Half 2014, 1990=100)



4.3.2.3 Manufacturing

At 114.2 (1990=100), estimated data indicated a 5.3 per cent increase in the index of manufacturing above the level in the corresponding period of 2013. Similarly, capacity utilisation rose by 1.7 percentage points to 59.3 per cent. The improvement in the manufacturing sub-sector was attributed to increased activities in chemical and pharmaceuticals, non-metallic products, textile and apparel, occasioned by macroeconomic stability.

Figure 69
Average Manufacturing Capacity Utilisation
(First Half 2014, Per cent)



4.3.3 Crude Oil

4.3.3.1 Crude Oil Production and Demand

Total crude oil production, including natural gas liquids (NGLs) and condensates by the Organization of Petroleum Exporting Countries (OPEC) was projected at an average of 35.9 million barrels per day (mbd) in the first half of 2014. This represented a decrease of 0.1 and 1.3 per cent from the levels in the preceding and corresponding periods of 2013, respectively. The fall in output was largely accounted for by production decline from Nigeria, Iraq and Libya. Non-OPEC supply was estimated at an average of 56.45 mbd, indicating an increase of 6.6 per cent above the level in the corresponding half of 2013. Total world supply was estimated at an average of 92.35 mbd, reflecting a 3.4 per cent increase over the level in the first half of 2013.

World crude oil demand was estimated at at an average of 90.93 mbd in the first half of 2014, compared with 89.72 mbd in the corresponding half of 2013, showing an increase of 1.4 per cent. The breakdown showed that daily average demand from the Organization for Economic Co-operation and Development (OECD) countries was estimated at 45.6 mbd, while that of non-OECD was 45.3 mbd. High demand, especially, from OECD Americas, China and the Middle East accounted for more than half of the growth in total demand.

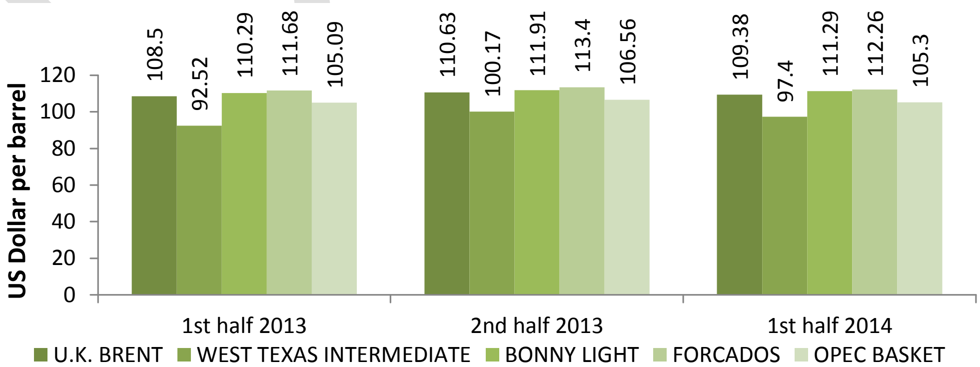
Nigeria's average daily crude oil production stood at 1.91 mbd or 345.71 million barrels (mb), representing a drop of 4.0 per cent below the level of 1.99 mbd or 360.19 mb attained in the first half of 2013. The drop in output was attributed to the incessant theft and closure of oil installations in the Niger Delta region. Aggregate export of crude oil for the period under review was estimated at 278.7 mb or 1.46 mbd, compared with 264.3 mb or 1.54 mbd in the corresponding half of 2013.

Figure 70
Crude Oil Production and Exports

4.3.3.2 Crude Oil Prices

The average spot price of Nigeria's reference crude, the Bonny Light (37° API) increased by 0.9 per cent above its level in the first half of 2013 to US$111.29 per barrel. The average prices of the UK Brent, Forcados and West Texas Intermediate also rose, by 0.8, 0.5 and 5.3 per cent, to US$109.38, US$112.26 and US$97.40 per barrel, respectively, in the review period. Increased world demand for crude and the escalating violence in Libya and Ukraine, which exacerbated supply concerns, largely accounted for the rise in crude oil prices. The average price of the OPEC basket of twelve crude streams was US$105.30 per barrel, compared with US$105.09 per barrel in the same period of 2013.

Figure 71
Average Spot Prices of Selected Crudes



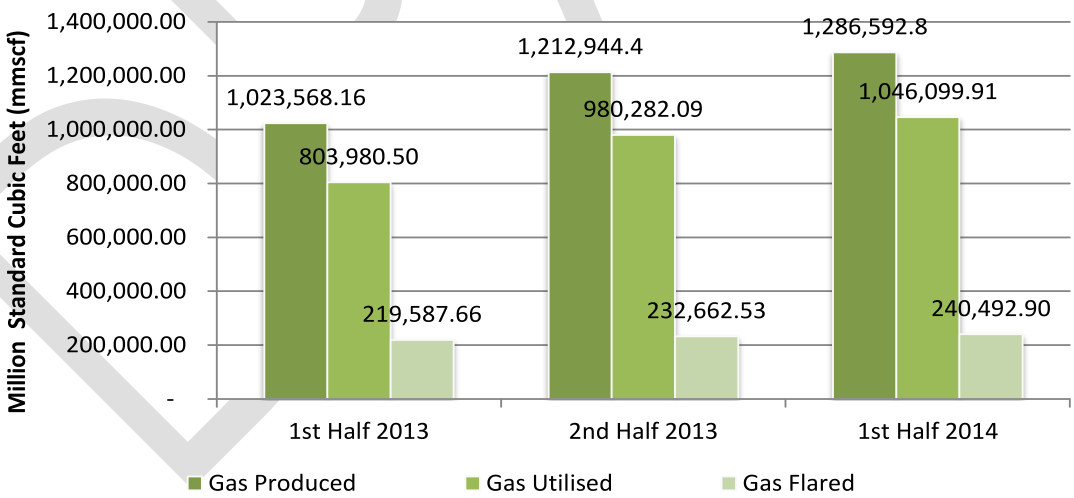
Source: Reuters

4.3.4 Gas

The Nigerian Content Development and Monitoring Board (NCDMB) recorded a landmark achievement during the review period. An indigenous oil servicing company, PEM Offshore Limited, began the test run of the first phase of the West Africa's 1st Offshore Simulation and Innovation Centre. On completion, the Centre would have a full suite of Offshore Anchor Handling Simulation Equipment, Dynamic Positioning, Power Management and Crane Simulation Systems. Also, the Centre would support the training of local and foreign offshore personnel involved in oil and gas operation.

Total associated gas production was estimated at 1,286,592.81 million standard cubic feet (mmscf) in the first half of 2014, indicating an increase of 25.7 per cent above the level in the corresponding period of 2013. Total volume of gas utilized and flared during the period was estimated at 1,046,099.91 mmscf and 240,492.90 mmscf, indicating an increase of 30.1 and 9.5 per cent above the respective levels in the first half of 2013.

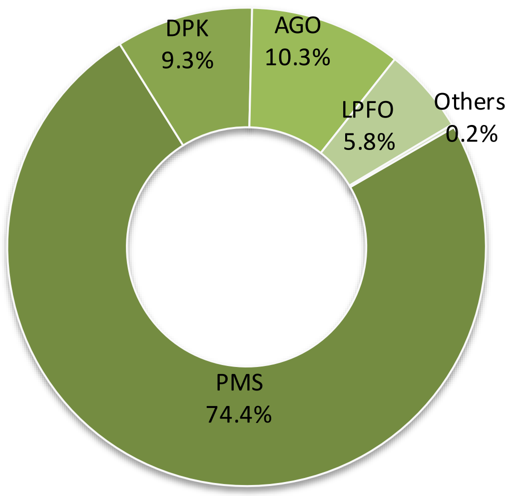
Figure 72
Gas Production and Utilisation



4.3.5 Petroleum Products

The estimated quantity of petroleum products distributed by the major and independent marketing companies in the review period was 3,169.9 million litres. These included: 2,359.8 million litres (74.4%) of Premium Motor Spirit (PMS); 293.5 million litres (9.3%) of Dual Purpose Kerosene (DPK); 325.5 million litres (10.3%) of Automotive Gas Oil (AGO); and 184.1 million litres (5.8%) of Low Pour Fuel Oil (LPFO), while others was 7.0 million litres.

Figure 73
Distribution of Petroleum Products
(First Half 2014)



4.3.6 Solid Minerals

The Solid Mineral Sector received a boost during the period under review, following the commissioning of the National Geosciences Research Laboratories located in Zaria and Ministry of Solid Minerals, for public and commercial operations. This was achieved through the collaborative efforts of Nigeria Geological Survey Agency (NGSA), Cargo Defense Fund (CDF) and NEXIM Bank. The laboratories would provide operators in the sector with world class mineral services in solid minerals analysis and estimation. This would reduce cost for miners and give credence to minerals mined in Nigeria.

Solid minerals production in the first half of 2014 from provisional data of the Ministry of Mines and Steel Development increased by 6.9 per cent from the level in the corresponding period of 2013 to 25.27 million tonnes. Increase in the production of some principal minerals such as clay, coal, lead/zinc and laterite accounted for this development.

4.3.7 Electricity Generation

Estimated average electricity generation in the first half of 2014 rose by 1.8 per cent, compared with 3,488 MW/h in first half of 2013. The marginal increase was attributed to improved generation from hydro power plants.

4.3.8 Electricity Consumption

At 3,133.77 MW/h, average estimated electricity consumed increased by 2.7 per cent, relative to the level in the same period of 2013. The improvement in electricity consumption was due to the increase in electricity delivered to the distribution companies.

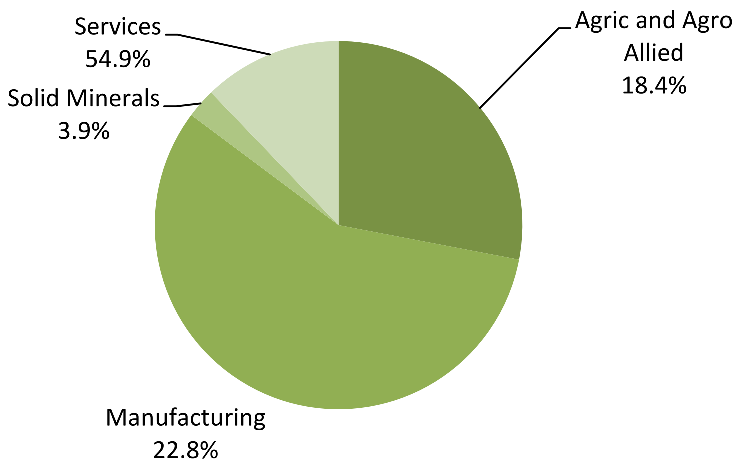
4.3.9 Industrial Financing

4.3.9.1 NEXIM

The total disbursement the Nigeria Export Import Bank (NEXIM) to various beneficiaries in the period under review was ₦5.49 billion. This amount was 41.1 per cent higher than the level of disbursement in the corresponding period of 2013. Of the total disbursement, Manufacturing and Agriculture sub-sectors received 57.2 per cent and 28.0 per cent, respectively, while Services and Solid Minerals sub-sectors received 12.2 per cent and 2.6 per cent, respectively.

Figure 74

Sectoral Disbursement of NEXIM Loans, First Half 2013

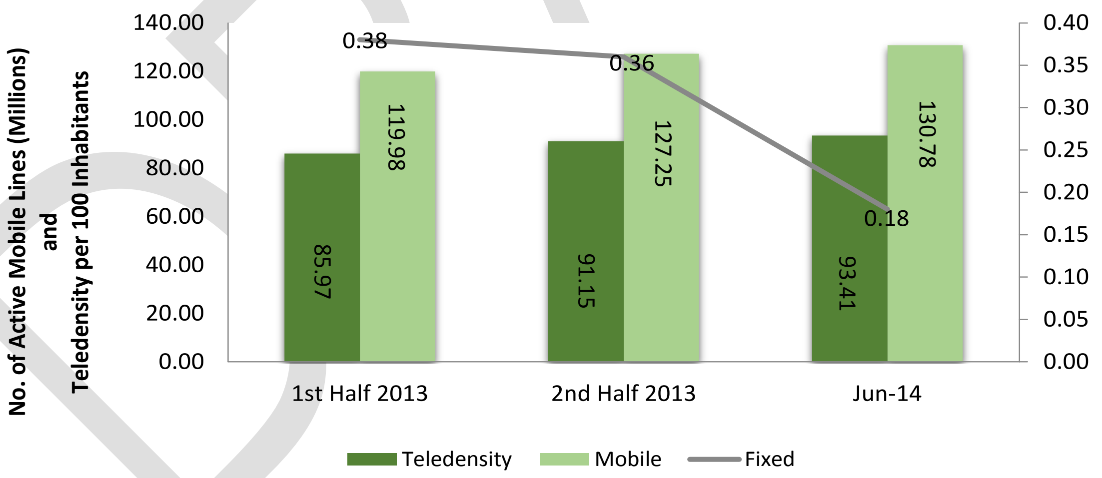


Source: NEXIM Bank

4.3.10 Telecommunications

Telecommunications recorded considerable growth in the first half of 2014 owing to robust activities within the sub-sector. Available data from the Nigerian Communications Commission (NCC) indicated that the total number of active telephone lines rose from 120.4 million at end-June 2013 to 130.8 million at end-June 2014, indicating an increase of 8.6 per cent. Accordingly, teledensity increased to 93.4 per 100 inhabitants at end-June 2014 from 86.0 per 100 inhabitants at end-June 2013, exceeding the International Telecommunication Union (ITU) minimum standard of 1:100. The growth in the sector was driven mainly by an 8.8 per cent increase in the number of active lines in the mobile telephony sub-sector, which grew from 120.0 million at end-June 2013 to 130.6 million at end-June 2014. The development was as a result of relatively cheaper call tariffs, arising from increased competition and product innovation.

Figure 75
Total Active Lines and Teledensity

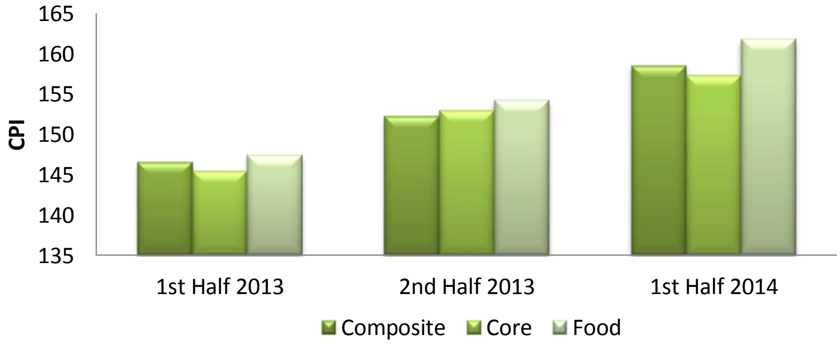


4.3.11 Consumer Prices

The general price level maintained a moderate upward trend in the first half of 2014. The all-items composite Consumer Price Index (CPI) stood at 158.6 (November 2009=100), at end-June 2014, compared with 146.6 and 152.3 at end-June and end-December 2013, respectively. Food CPI was 161.9 in the period under review, compared with 147.5 and 154.3 at end-June and end-

December 2013, respectively. The all-items less farm produce CPI, which stood at 145.5 and 153.0 at end-June and end-December 2013, respectively, increased to 157.4 at end-June 2014.

Figure 76
Consumer Price Indices
(November 2009 = 100)



4.3.11.1 Headline Inflation

The year-on-year headline inflation fluctuated in the first half of 2014 and stood at 8.2 per cent at end-June 2014, representing a decrease of 0.2 and an increase of 0.2 percentage point, compared with the levels at end-June and end-December 2013, respectively. The 12-month moving average inflation rate declined to 8.0 per cent at end-June 2014, from 10.4 and 8.5 per cent at end-June and end-December 2013, respectively. The decline in headline inflation was attributed mainly to the fall in the prices of some items in the consumption basket, especially non-farm produce.

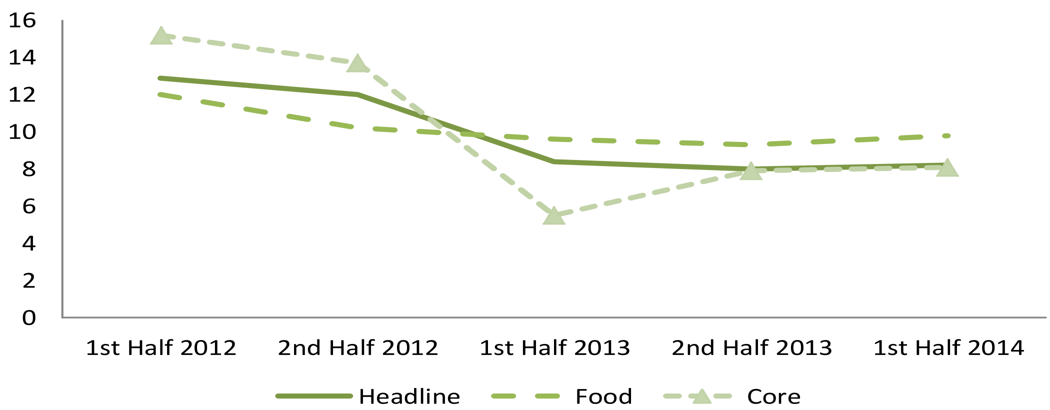
4.3.11.2 Core Inflation

Core inflation (all-items less farm produce), on a year-on-year basis, increased gradually to 8.1 per cent at end-June 2014, compared with 5.5 per cent at end-June 2013 and 7.9 per cent at end-December 2013. The 12-month moving average, core inflation stood at 7.4 per cent, relative to 10.7 and 7.7 per cent, at end-June and end-December 2013, respectively. Core inflation accelerated at a faster rate towards the end of the first half of 2014. The increase was attributed largely by rise in prices across various groups of items, especially electricity/gas and other fuels, processed food, housing, clothing and footwear, household equipment and maintenance, furniture repairs, transport, and education.

4.3.11.3 Food Inflation

The year-on-year food inflation fluctuated in the first half of 2014. It stood at 9.8 per cent at end-June 2014, compared with 9.6 and 9.3 per cent at end-June and end-December 2013, respectively. The 12-month moving average food inflation was 9.5 per cent at end-June 2014, compared with10.4 per cent at end-June 2013 and 9.7 per cent at end-December 2013. The increase in food inflation was as a result of the rise in the prices of commodities owing to distribution constraints arising from the unresolved security challenges in some parts of the country, especially the North-East.

Figure 77
Inflation Rate
(Year-on-Year, Per cent)



4.3.11.4 Urban and Rural Consumer Price Indices and Inflation Rates

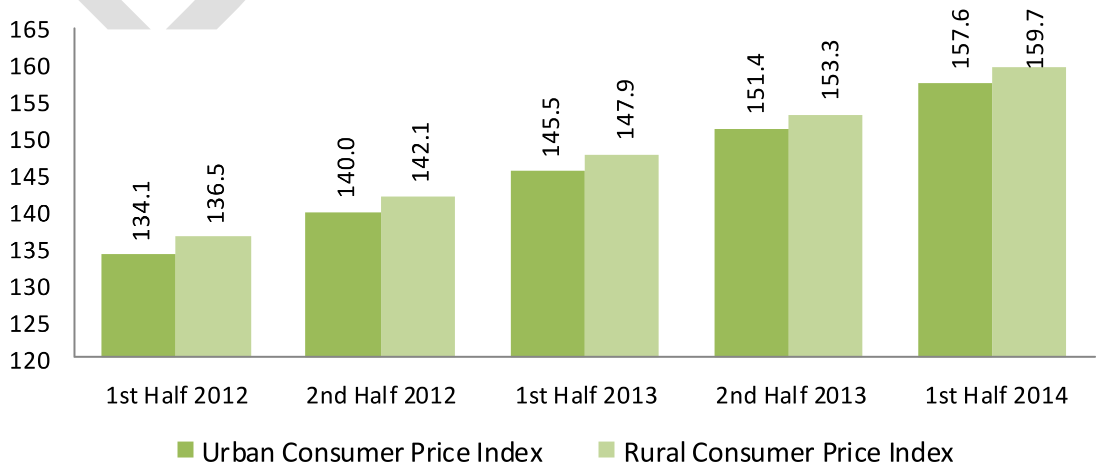
The all-items Urban CPI, which stood at 145.5 at end-June and 151.4 at end-December 2013, increased to 157.6 at end-June 2014. The increase was attributed mainly to the increase in the contributions of food and non-alcoholic beverages, tobacco and narcotics; clothing and footwear; furnishing and household equipment maintenance; health; communication; education, restaurants and hotels; and miscellaneous goods and services. Consequently, the year-on-year urban inflation rate stood at 8.4 per cent at end-June 2014, compared with 8.4 per cent at end-June and 8.1 per cent at end-December 2013.

All-items Rural and Urban CPI exhibited similar trend during the review period. It increased from 147.9 and 153.3 at end-June and end-December 2013 to 159.7 per cent at the end of June 2014. The increase was largely accounted for, largely, by the contributions of transport; communication; recreation and culture; restaurants and hotels; education; and miscellaneous goods and services. As a result, the year-on-year rural inflation rate stood at 8.0 per cent at end-June 2014, compared with 8.3 per cent at end-June and 7.9 per cent at end-December 2013.

Urban core inflation increased to 8.0 per cent at end-June 2014, compared with 5.4 and 7.6 per cent at end-June and end-December 2013, respectively. Similarly, Urban food inflation rose to 10.4 per cent, compared with 9.5 at end-June 2013 and 9.8 per cent at end-December 2013.

Rural core inflation rate stood at 8.2 per cent at end-June 2014, compared with 5.6 and 8.1 per cent at end-June and end-December 2013, respectively. Rural food inflation rate stood at 9.4 per cent at end-June 2014, compared with 9.8 and 8.9 per cent at end-June and end-December 2013, respectively. The rural food inflation rate at end-June 2014 represented a decrease of 0.4 percentage point below the level at end-June 2013, but was an increase of 0.5 percentage point above the level at end-December 2013.

Figure 78
Urban and Rural Consumer Price Indices
(First Half, November 2009 = 100)



4.3.12 Health

The National Health Bill 2014 was passed by the Nigerian Senate during the review period. The Bill sought to establish a framework for the regulation, management and development of the nation's health system. The Bill provides for government contribution of 1 per cent from the Consolidated Revenue Fund for the development of Primary Health Care (PHC) in the country.

To further boost the health sector, the governments of Nigeria and Japan signed an MoU during the period under review for a loan facility of US$85.0 million to eradicate polio in Nigeria. The Government also launched new national guidelines for the implementation of interventions to eliminate malaria and lymphatic filariasis (elephantiasis) in the country.

4.3.13 Housing and Urban Development

During the period under review, the Nigerian Mortgage Refinance Company (NMRC) opened business to provide secondary mortgage market services for primary mortgage lenders for on-lending to teeming Nigerian hosuing loan applicants. The NMRC, a Public Private Partnership agreement between the Federal Government of Nigeria and the private sector was established to create access to affordable funds by mortgage finance companies. The NMRC is expected to reduce Nigeria's current housing deficit by raising mortgages from an annual average of 20,000 mortgages to at least 200,000 in the next three years.

The World Banka pproved a concessional US$300.0 million 40 years International Development Association (IDA) loan at 0.75%, to facilitate the execution of the Housing Finance Programme. US$250.0 million of the IDA loan will be disbursed in installments to NMRC as Tier 2 Capital, based on key performance indicators. The amount will be retained on NMRC's balance sheet to provide credit support for NMRC's bond issuances. The balance of US$50.0 million will be allocated to other components of the Housing Finance Programme as follows: US$25 million for the establishment of a Mortgage

Guarantee Facility for lower income borrowers and US$25 million to support the development and piloting of Housing Microfinance Products.

4.3.14 Aviation Services

4.3.14.1 Policy and Airport Development

The upgrading of twenty-two (22) Federal airports across the country continued through the first half of 2014.

In a bid to ensure accurate data, security and easy facilitation of passengers at the Nigerian international airports, the Federal Government, through the Nigerian Immigration Service (NIS), introduced machine-readable cards at the country's five international airports in Lagos, Kano, Enugu, Abuja and Port-Harcourt in the first half of 2014. The machine would seamlessly enhance the facilitation of passengers and security checks at airports, thereby ensuring faster airport processes while creating a database for movement of persons across borders.

The Nigerian Airspace Management Agency (NAMA) completed the installation of solar powered airfield lighting systems at the Lagos and Port Harcourt international airports in the first half of 2014. The installed lighting system was expected to increase the progression of night/low visibility operations and reduce operational cost to the airlines. Other expected benefits include low maintenance and running cost due to the elimination of power generation and cabling.

4.3.14.2 Domestic Operations

A total of 5,673,899 passengers were airlifted by domestic airlines in the first half of 2014. This represented a 27.5 per cent growth over the 4,449,026 passengers airlifted in the corresponding period of 2013. Total aircraft movement for the first half of 2014 was 135,087, a 54.0 per cent growth over the movement of 87,713 recorded in the corresponding period of 2013.

4.3.14.3 International Operations

The number of passengers airlifted by airlines on international routes in the first half of 2014 rose by 4.8 per cent to 2,165,985, compared with 2,067,352 million in the first half of 2013. Aircraft movement also rose by 4.4 per cent to 23,007 in the review period, compared with 22,042 in the corresponding period of the preceding year.

Cargo movement at designated airports rose by 1.0 per cent to 88.54 million kg over 87.65 million kg recorded in the first half of 2013. Mail movement also rose by 52.8 per cent to 3.04 million kg in the first half of 2014, compared with 1.99 million kg recorded in the corresponding period of 2013.

4.3.15 Maritime Services

Efforts to raise security level of ships and port facilities in Nigeria continued during the first half of 2014 as thirteen (13) more port facilities were fully compliant with the International Ships and Ports Facility Security (ISPS) Code. This brought the number of compliant port facilities in the country to twenty-two (22).

The level of operations at Nigerian ports witnessed positive change in the first half of 2014. Cargo throughput stood at 41,317,962 tonnes in the first half of 2014, compared with 35,812,858 tonnes recorded in the corresponding period of 2013, representing a 15.4 per cent increase.

The maritime services witnessed enhanced efficiency and reduced cost of doing business at the nation's sea ports due to the implementation of e-payment.

A total of 2,719 ocean going vessels with a total gross registered tonnage (GRT) of 70,659,820 berthed at Nigerian ports, compared with 2,427 vessels with GRT of 60,096,179 recorded in the corresponding period of 2013. This represented a 12.0 and 17.6 per cent growth in the number of vessels and GRT, respectively.

The achievements in the sector were attributed, largely, to the implementation of e-payment in January 2014 which, tremendously reduced the turn-around time of vessels from 5.3 days to 4.6 days, following faster payment means for business dealings and prompt confirmation of payments. A significant increase in LNG shipment resulting from the European economic recovery effort after the debt crisis also contributed significantly to the increase in cargo traffic.

4.3.16 Railway Services

Concerted efforts at resuscitating and revitalizing the Nigerian railway continued in the review period. The Nigerian Railway Corporation (NRC) inaugurated and released two Diesel Multiple Units (DMUs) train sets with passenger-carrying capacity of about 540 on Lagos mass transit routes. There was also the delivery of 68-seater first class air-conditioned passenger coaches for Lagos and Kano express routes. A total of 2,020,943 passengers and 69,032 tonnes of freight were moved by the NRC.

4.4. EXTERNAL SECTOR DEVELOPMENTS

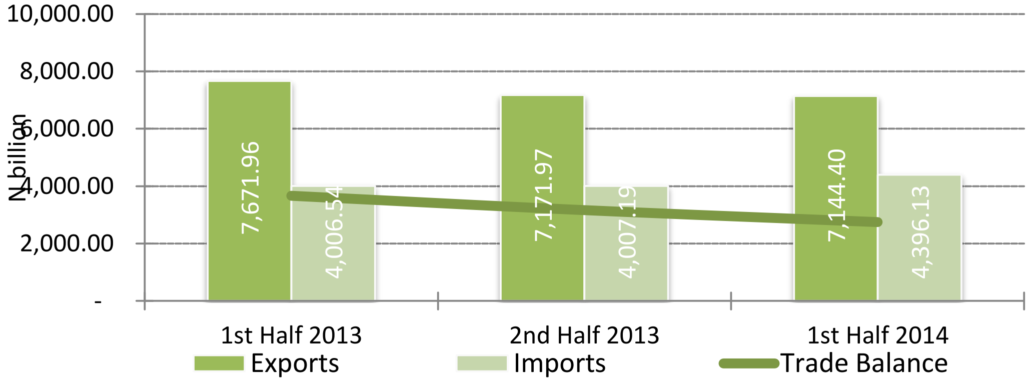
Provisional data showed that the external sector was under pressure reflecting the depletion of the external reserves and huge short term capital reversal in the first half of 2014. Despite the development, the current account sustained a surplus equivalent to 2.3 per cent of gross domestic product (GDP) occasioned by robust trade balance and increased home remittances. The capital and financial account also registered a net liability position, representing 0.6 per cent of GDP in the first half of 2014, compared with 0.5 per cent of GDP in the first half of 2013. The external reserves, at US$37.33 billion, declined by 12.9 per cent from the level at end-December 2013 and could support 8.0 months import cover (goods only) or 5.6 months of imports of goods and services. The external debt, however, increased to US$9.17 billion from US$6.92 billion and US$8.82 billion in the first and second halves of 2013, respectively.

4.4.1 Current Account

4.4.1.1 Trade

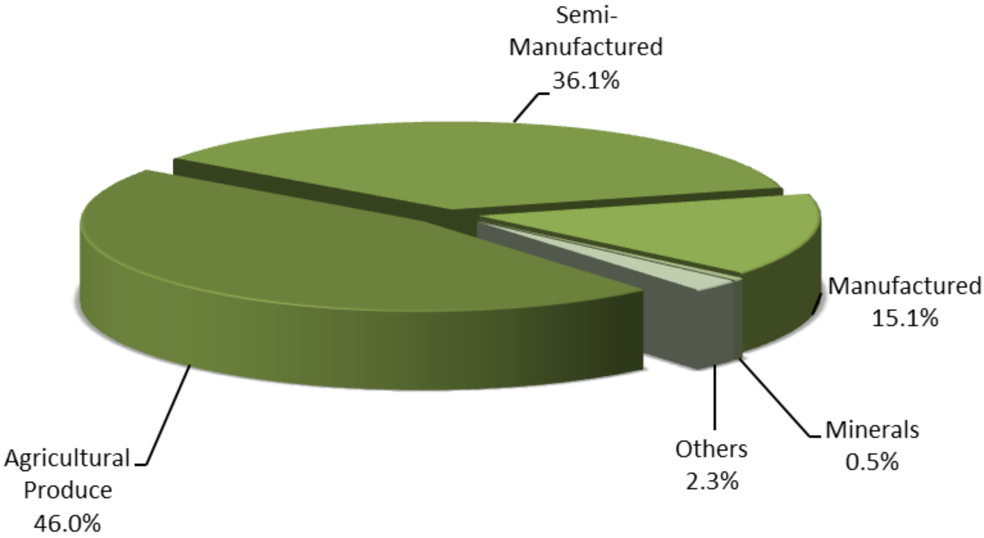
The estimated value of external trade at ₦11,540.53 billion constituted 27.3 per cent of GDP. The oil component of total trade accounted for 68.2 per cent and constituted 18.6 per cent of GDP, while the non-oil at 8.8 per cent of GDP accounted for the balance. Despite the sustained increase in the international crude oil price, the value of crude oil exports declined by 8.7 per cent owing to the fall in domestic crude oil production from an average of 1.99 million barrels per day in the first half of 2013 to 1.91 million barrels per day in the review period. However, gas export, at 2.0 per cent of GDP, increased by 17.4 per cent to ₦841.41 billion over the level in the first half of 2013. The dismal performance of the non-oil export sector, at 0.8 per cent of GDP in the reporting period, reflected the lingering structural rigidities in the economy.

Figure 79
Exports, Imports and Trade Balance
(₦' Billion)



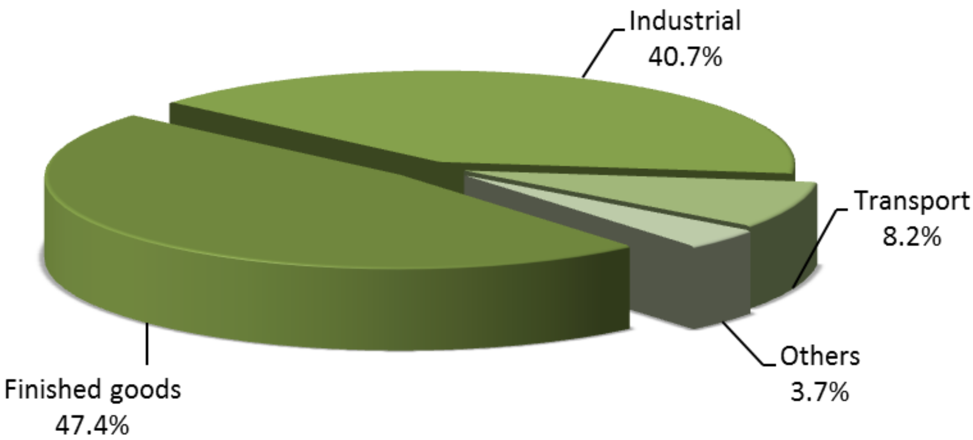
A disaggregation of non-oil exports by product, revealed that agricultural produce accounted for 46.0 per cent of the total, while semi-manufactured goods, manufactured goods, "others" and minerals accounted for 36.1, 15.1, 2.3 and 0.5 per cent, respectively.

Figure 80
Non-Oil Exports by Products
(First Half 2014)



Further analysis showed that aggregate imports, which represented 10.4 per cent of GDP increased by 9.7 per cent, compared with the level in the corresponding period in 2013. The development resulted from increased domestic demand for raw materials and finished goods as non-oil imports rose by 28.7 per cent above the level in the first half of 2013. Its share in total imports rose to 76.3 per cent, while oil sector imports fell to 23.7 per cent due to the positive effects of the on-going reforms in the petroleum sub-sector. Sectoral breakdown of non-oil imports showed that, finished goods (food and manufactured products) accounted for 47.4 per cent; industrial sector, 40.7 per cent; transport sector, 8.2 per cent; and other sectors 3.7 per cent of the total.

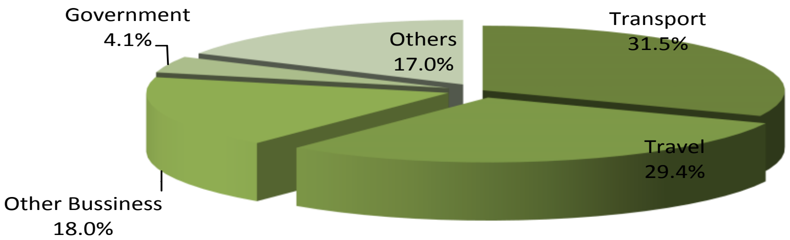
Figure 81
Non-Oil Imports by Sector
(First Half 2014)



4.4.1.2 Services

Transactions in the services account resulted in a net deficit position of ₦1,846.78 billion, equivalent to 4.4 per cent of GDP. The deficit widened by 20.7 per cent over the level in the corresponding period due, largely, to higher net out-payments in respect of transportation (₦581.05 billion), travels (₦543.52 billion) and other business services (₦331.93 billion). Transportation services were the highest with 31.5 per cent share of the total. The share of travels accounted for 29.4 per cent of the total, other business services, 18.0 per cent; government services, 4.1 per cent; and other services accounted for the balance.

Figure 82
Share of Services Out-Payments
(First Half 2014)



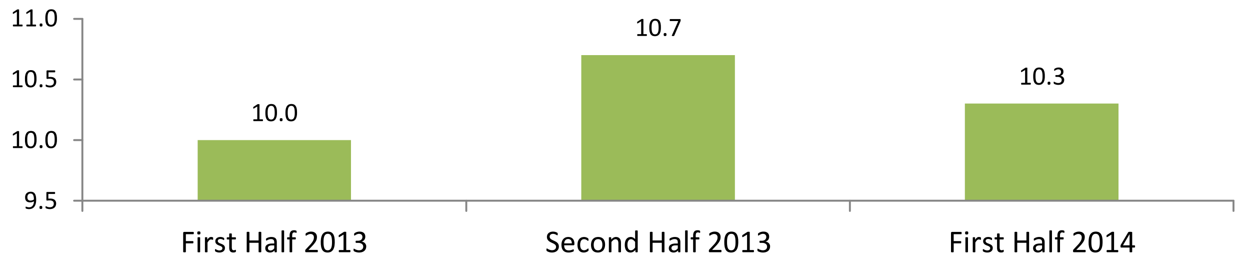
4.4.1.3 Income

The income account posted a lower deficit of ₦1,682.54 billion or 4.0 per cent of GDP, compared with the level recorded in the corresponding period in 2013 as a result of enhanced investment income abroad, and lower repatriation of profit and dividends. Projected out-payments with respect to dividends and distributed branch profits by foreign investors declined by 16.3 per cent, while inflow of investment income grew by 44.8 per cent over the level in the first half of 2013.

4.4.1.4 Current Transfers

The estimated current transfers (net) recorded a surplus equivalent to 4.1 per cent of GDP, compared with 4.3 per cent of GDP in the corresponding period of 2013. The development was driven mainly by inflow of personal home remittances by non-resident Nigerians. Workers' remittances accounted for 92.5 per cent of total inward transfers; while general government transfers (net), comprising payments to foreign embassies and international organizations increased by 8.5 per cent to ₦138.50 billion from ₦127.61 billion.

Figure 83
Private Home Remittances
(US$ billion)



4.4.2 Capital and Financial Account

The capital and financial account registered a net liability of ₦249.74 billion in the first half of 2014, as against ₦183.55 billion recorded in the corresponding period of 2013. This was attributed largely to inflow of other investment liabilities in form of loans drawn by the general government, which increased by 30.5 per cent from ₦77.88 billion in the first half of 2013 to ₦101.61 billion in the review period

The aggregate foreign financial assets, however, declined by 19.7 per cent to ₦1,602.86 billion in the review period due to the sharp drop in direct investment (abroad) by 84.3 per cent. The outcome was influenced largely by the 86.8 per cent decline in equity capital from ₦77.28 billion in the first half of 2013 to ₦10.23 billion in the review period. However, trade credits, which represented 2.5 per cent of GDP increased by 28.7 per cent, relative to the level at end-June 2013.

Provisional data on foreign financial liabilities showed a decline of 15.0 per cent to ₦1,852.60 billion due largely to huge short-term capital reversal from ₦1,626.95 billion at end-June 2013 to ₦890.47 billion in the review period. This reflected improved conditions in other global financial centres. In the other investment liability account, loans to general government, banks and other sectors amounted to ₦454.47 billion, compared with ₦13.82 billion in the first half of 2013. The stock of external debt rose to US$9.38 billion from US$8.8 billion in the preceding half of 2013.

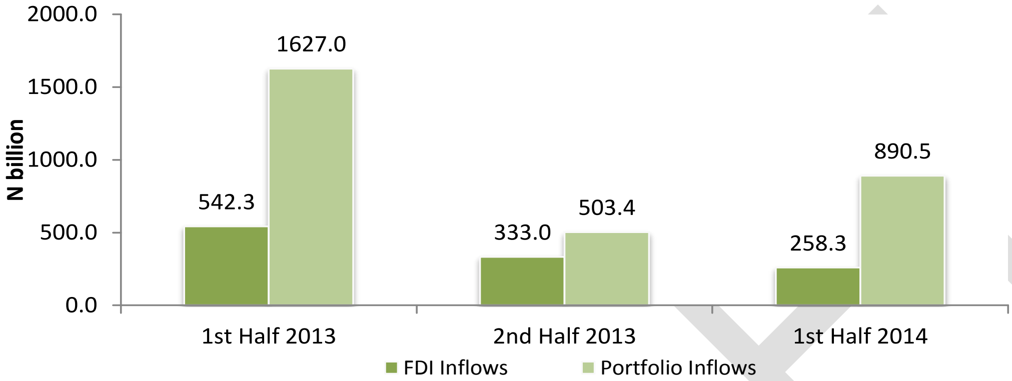
4.4.2.1 Foreign Direct Investment

Foreign direct investment (FDI) inflow, which comprised equity capital, re-invested earnings and other capital inflow declined by 52.4 per cent to ₦258.33 billion from the level in the corresponding period of 2013. This was largely due to the 74.4 per cent decline in equity capital to ₦85.43 billion in the review period. Similarly, reinvested earnings and other capital declined by 16.6 and 42.4 per cent from their respective levels in the corresponding period of 2013. Direct investment abroad also declined by 84.3 per cent below the level recorded in the first half of 2013.

4.4.2.2 Portfolio Investment

Portfolio investment inflow decreased by 45.3 per cent to ₦890.47 billion below the level recorded in the corresponding half of 2013. The divestment was attributed to improved conditions in other financial centres. Despite the development, the inflow of portfolio investment accounted for 48.1 per cent of total investment inflow. In contrast, outward portfolio investment increased to ₦706.52 billion in the first half of 2014, induced by increased risk appetite for foreign assets by resident investors.

Figure 84
Foreign Direct Investment and Portfolio Investment Inflows



4.4.3 Capital Importation by Sector and Capital Outflow

The total value of new capital imported into the economy amounted to US$9.73 billion in the review period. A sectoral analysis indicated that the inflow was mainly directed at the capital market (shares), which accounted for 77.0 per cent, while financing, servicing and trading were 14.4, 3.3 and 2.0 per cent, respectively. "Others" sector accounted for the balance.

On the other hand, capital outflow amounted to US$4.24 billion, of which, capital transfers stood at US$2.43 billion or 57.7 per cent of the total. Remittance of dividends by foreign investors was US$1.53 billion, and accounting for 36.2 per cent, while "Others" accounted for the balance.

Figure 85
Capital Importation by Sector
(First Half 2014)

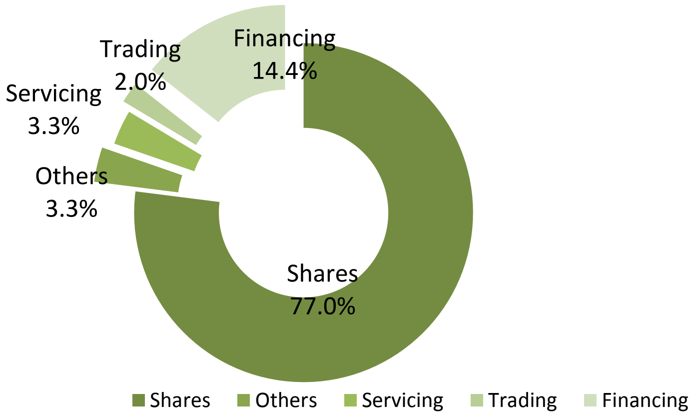
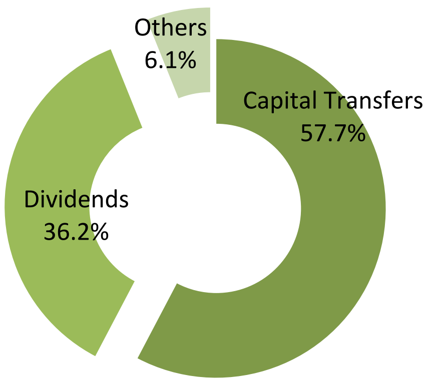


Figure 86
Capital Outflow and Outward Transfers
(First Half 2014)



4.4.4 Reserve Assets and Months of Import Cover

The stock of external reserves at end-June 2014 stood at US$37.33 billion, compared with US$42.85 billion and US$44.96 billion at end-December 2013 and the corresponding period of 2013, respectively. The development arose mainly from increased rDAS utilisation in the review period.

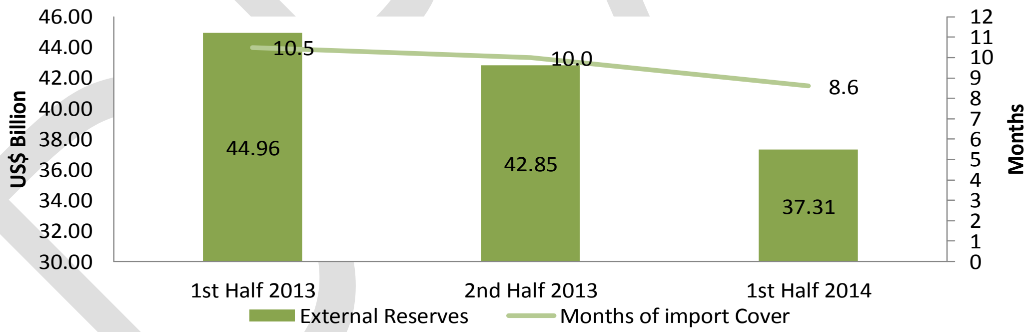
A breakdown of the external reserves by composition showed that of the total, federation reserves was US$3.80 billion (10.2%); Federal Government reserves, US$3.66 billion (9.8%); and CBN reserves, US$29.85 billion (80.0%). The increase in federation reserves reflected growing excess crude savings, while the FGN portion grew largely from the Federal Government's funding of the JVC cash calls account and receipts of recovered sovereign looted funds.

The external reserves could support 8.0 months of import cover (goods), compared with 10.0 months and 10.5 months in the second and the corresponding halves of 2013, respectively.

Of the discretionary component of the CBN portion of external reserves, the liquidity tranche stood at US$5.03 billion; investment tranche, US$10.55 billion; and the stable tranche, US$10.67 billion. The latter comprised interbank bond portfolio (US$0.51 billion) and external fund portfolio, (US$10.16 billion). The non-discretionary component on the other hand, comprised the Special Drawing Rights (SDR) and LC collateral funds, which amounted to US$2.59 billion and US $1.03 billion, respectively, in the review period.

The Bank earned the sum of US$44.82 million on US$500.00 million from the external reserves invested in Chinese renminbi since December 2011. A loss of ₦3.96 billion was, however, incurred on the external reserves portfolio in the first half of 2014 due to the current low coupons on bonds and the damping effect of likely interest rate rise in the US and other advanced economies.

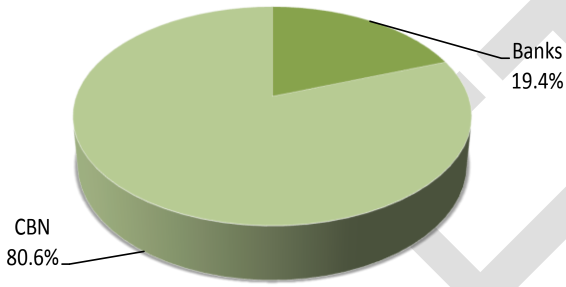
Figure 87
Stock of External Reserves and Months of Import Cover



4.4.5 External Assets of Financial Institutions

Provisional data on the total external assets of the banking system in the first half of 2014 stood at ₦7,693.27 billion, compared with ₦9,164.43 billion and ₦8,513.27 billion in the first and second halves of 2013, respectively. Of the total, CBN's holdings fell by 18.0 per cent to ₦6,200.00 billion, accounting for 80.6 per cent of total assets, compared with 82.5 and 81.0 per cent in the first and second halves of 2013, respectively. Banks' holdings of foreign assets, similarly, decreased by 6.9 per cent to ₦1,493.27 billion and accounted for 19.4 per cent of the total, compared with 17.5 and 19.0 per cent, at end-June and end-December 2013, respectively.

Figure 88
Total External Assets,
(First Half 2014)



5.0 INTERNATIONAL ECONOMIC RELATIONS

5.1 Regional Institutions

5.1.1 Presidential Taskforce Meeting on ECOWAS Monetary Cooperation Programme

The inaugural meeting of the Presidential Task Force on the ECOWAS Monetary Cooperation Programme (EMCP) was held in Niamey, Republic of Niger, from February 20-21, 2014. The purpose of the meeting was to deliberate on the status of implementation of the convergence criteria by member countries towards attaining a single currency union in the sub-region.

The meeting was attended by the governors of central banks of ECOWAS member states, Union Economique et Monetaire Ouest Africaine (UMEOA), and the ECOWAS Commission. At the meeting, member countries expressed concerns on the constraints which inhibited their progress, and also proffered solutions on accelerating the process of convergence towards a common currency. The meeting concluded that member states should continue to work towards the deadline of 2020 for the monetary union project.

5.1.2 West African Monetary Zone (WAMZ)

The West African Monetary Institute (WAMI) and the West African Institute for Financial and Economic Management (WAIFEM) were held in Banjul, The Gambia from January 8 - 17, 2014. The WAMZ Committee of Governors (COG):

- Directed the standardization of the computation of non-performing loans (NPLs) across the Zone based on Basel core principles reporting templates to ensure a uniform reporting format by member states;
- Directed the presentation of report showing the extent of member states implementation of the recommendations of the roadmap of the EMCP at its next meeting;
- Directed a review of the budgetary contributions of member countries in line with the relevant ECOWAS protocol to be applied with effect from 2015;
- Noted the interim report on the "State of Preparedness of WAMZ countries for a Monetary Union in January 2015" and endorsed the presentation of the final report at the next meeting;
- Accepted the proposal for a fast-track approach to monetary integration whereby two countries (Nigeria and Ghana) would drive the single currency programme before other members follow; and
- Approved the report of the College of Supervisors of the WAMZ (CSWAMZ) and directed the college to undertake studies on "Dollarization in the Zone" and "GAP analysis on prudential guidelines in the Zone".

5.1.3 West African Institute for Financial and Economic Management (WAIFEM)

The meeting of the Board of Governors of WAIFEM approved:

- A five-year strategic plan for the sustainability of WAIFEM. The programme would enable WAIFEM to run Diploma and Master's Degree courses in areas of the Institute's niche, such as Banking Supervision, Risk and Portfolio Management, etc; and

- The proposal for Visiting Scholar Scheme.

5.1.4 West African Monetary Agency (WAMA)

The 2013 Statutory Meeting of WAMA was held in Banjul, The Gambia, from January 8 - 17, 2014. Also, the 46th Ordinary Meeting of the Committee of Governors of Central Banks of ECOWAS Member States was held in Dakar, Senegal on June 30, 2014. At the two meetings, the ECOWAS Committee of Governors (COG):

- Urged member states to ensure speedy ratification and domestication of regional protocols, conventions and legal instruments relating to monetary integration;
- Encouraged member states to effectively implement the ECOWAS Trade Liberalization Scheme (ETLS);
- Urged member states to integrate the macroeconomic convergence criteria into their national macroeconomic frameworks;
- Appealed to the ECOWAS Commission to accelerate the process of harmonization of public finance frameworks, and statistical methodologies in the region;
- Approved the revised matrix on the Roadmap for the ECOWAS Single Currency Programme;
- Urged member states to strengthen the modernization of revenue collection mechanism and improve the governance structures for tax administration to minimize revenue leakages;
- Encouraged members to rationalize public expenditure, especially wage bill, transfers, interest payments and subsidies to contain increasing budget deficits;
- Urged members to accelerate export diversification to sustain foreign exchange earnings; and
- Urged the consolidation efforts to resolve the security concerns in the sub-region to enhance economic activities.

5.1.5 African Union Summit

The 22nd Assembly of Heads of State and Government of the AU was held in Addis Ababa, Ethiopia from January 21 – 31, 2014. The theme of the Summit was "Transforming Africa's Agriculture: Harnessing Opportunities for Inclusive Growth and Sustainable Development". The leaders discussed issues relating to agricultural development and transformation in Africa. The Summit also marked the 10th anniversary of the Comprehensive Africa Agriculture Development Programme (CAADP). The programme is a pan-African framework for revitalizing agriculture, food security and nutrition, and assisting African countries attain a higher path of economic development. Under CAADP, African governments have made a commitment to allocate at least 10 per cent of their national budgets to the agricultural sector yearly.

5.1.6 Association of African Central Banks (AACB)

The 1st 2014 Ordinary Meeting of the Bureau of the Association of African Central Banks (AACB) was held on February 26, 2014, in Dakar, Senegal. It was preceded by the Technical Committee Meeting, held on February 24 - 25, 2014. At the meeting, the implementation of the African Monetary Cooperation Program (AMCP) and the decisions of the Assembly of Governors at the 37th Ordinary Meeting held in Mauritius in August, 2013 were reviewed. The Meeting approved the:

- Report of the Joint AUC-AACB Study and the Strategy for the creation of the African Central Bank;
- Draft terms of reference for the 2014 Continental Seminar on the theme, "The Imperatives for Improvement and Integration of Payment Systems in Africa", to be hosted by Banque d'Algérie; and
- Work plan for 2014-2016, budget, and internal rules for the Community of African Banking Supervisors.

5.1.7 African Development Bank (AfDB)

The 49th Annual Meetings of the Board of Governors of the AfDB and the 40th Annual meeting of African Development Fund were held in Kigali, Rwanda from May 19 – 23, 2014. The theme of the meeting was "The Next 50 Years – The Africa We Want". The theme focused on Africa's transformation agenda and how the continent could grow its economy through diversification, export competitiveness, increased productivity, integration and technological innovation by broader collaboration between the public and the private sectors.

The meetings discussed several issues including: Enterprising Africa; Facilitating Africa's trade; The economic benefits of investing in women; Reducing perceived riskiness of investing in Africa's infrastructure; International bonds markets; Capital market development in Africa; What Africa needs to do to develop global value chains (GVC); among others. The meeting identified harnessing natural resources and employment opportunities, particularly the extractive industries; and agro-business as Africa's potential entry points into the GVC. The report on MoU signed between the Government of India and the African Development Bank Group on the public-private partnership (PPP) model of infrastructure delivery to facilitate its implementation in African countries was presented.

The meeting also emphasized the opportunity in the concept of the Africa50 Fund, adopted to mobilize African savings to finance infrastructure in the continent. It was agreed that the time for the AfDB to mobilise African savings – currently estimated at US$1,000 trillion – to build the Africa of tomorrow is now. The AfDB Governors approved the creation of the Fund and the release of US$30 million for its feasibility studies.

5.1.8 African Union (AU) and Economic Commission for Africa (ECA) Conference of Ministers of Finance, Planning and Economic Development

The 7th Joint Annual Meetings of AU/ECA Conference of Ministers of Finance, Planning & Economic Development was held in Abuja, Nigeria from March 29 – 30, 2014, on the theme, "Industrialization for Inclusive and Transformative Development in Africa". A caucus meeting of African central bank Governors was held on the sidelines, to deliberate on key issues that were relevant to central bank's role in fostering industrialization for structural transformation and inclusive development in Africa through appropriate macroeconomic management. The Ministerial Conference elected Dr. (Mrs.) Ngozi Okonjo Iweala, Coordinating Minister of the Economy and Minister of Finance of Nigeria, as the Chair of the Bureau for the next one year. The plenary entailed high-level ministerial policy dialogues focused on the theme. The major recommendations were:

- Strategies that will aid industrialization at sub-regional level should be strengthened for regional cooperation;
- African capital should be made to work for Africa's development;
- Expansion of central banks' mandates to include development financing and involvement of central banks in credit facilitation to development finance institutions;
- Development of small and medium enterprises and micro finance institutions to encourage talents and improve skills acquisition;
- Government budget should be targeted at stimulating private sector development;
- Sensitization of all governments globally on the need to stem illicit financial flows; and,
- African ministers to ensure credibility of data and statistics generated by institutions and agencies of government.

5.2 Multilateral Economic and Financial Institutions

5.2.1 G20 Finance Ministers and Central Bank Governors

The G-20 Finance Ministers and Central Bank Governors met in Sydney, Australia, from February 22-23, 2014. The meeting focused on global growth, especially as it affected G20 countries. Coordinating policies to maximize growth and minimize unintended effects remained a central focus of the G20 in 2014. Also, new approaches to ensure sustainable growth were discussed as the only way to bolster confidence, create employment opportunities, lift people out of poverty and build national prosperity. The meeting welcomed recent signs of improvement in the global economy, in particular, growth strengthening in the United States, the United Kingdom and Japan alongside continued robust growth in China and many emerging market economies, and the resumption of growth in the euro area.

It was also noted that despite these recent improvements, the global economy remained far from achieving strong, sustainable, and balanced growth. The meeting agreed that the global economy faced weaknesses in some areas of demand, and growth was still below the rates needed to get citizens back into jobs and meet their aspirations for development.

Recent volatilities in financial markets, high levels of public debt, continuing global imbalances and remaining vulnerabilities within some economies were identified as major challenges. The G20 primary response was to further strengthen and refine their domestic macroeconomic, structural and financial policy frameworks.

5.2.2 Intergovernmental Group of Twenty Four (G24)

The G24 Meeting was held in Luxor, Egypt from March 10 – 11, 2014. Four sessions were held on the global economy, development finance, debt and debt sustainability, and administrative matters. The following were the highlights of the meeting:

- World economic recovery was still in a parlous state with crisis management in the US and Europe being handled in a poor manner, while China's response was seen to have created excess capacity and debt overhang;
- Most developing countries mismanaged the revenue derived from high commodity prices and/or capital flows;
- Recoveries from financial crises were sluggish as it takes time to repair balance sheets, reduce/ restructure debt overhang and rationalize excessive and unviable investment; and,

- The huge infrastructure gaps in developing countries show that there was need for long-term financing.

5.2.3 World Economic Forum on Africa (WEFA)

The World Economic Forum on Africa was held in Abuja, Nigeria from May 7 – 9, 2014. The Forum was attended by about 1,000 regional and global leaders and participants on the theme, "Forging Inclusive Growth, Creating Jobs". The Forum discussed innovative structural reforms and investments that could sustain the continent's growth while creating jobs and prosperity for all citizens. About 40 sessions were held covering issues such as private sector, public works; engaging in energy; Africa growth outlook; Industries for Impact; Africa Rising; Unlocking Job-Creating Growth; and sustaining business in Africa.

The Forum ended with over $68 billion investment commitment to boost economic growth in Africa. The funds would come from FDI as well as public and private investments across countries in the continent. The funds would be used for projects to foster growth in the agriculture sector, and improve infrastructure such as railways, roads, education, hospitals, ICT and skill development. The Forum revealed that global investors were beginning to recognise the vast opportunities in the continent, while FDI in several African countries and private investments were on the increase.

In addition, the 'Safe Schools Initiative' was launched by the Nigerian coalition in collaboration with the United Nations and UN Special Envoy to protect young people's right to education in Nigeria and ensure safer learning environment.

5.2.4 The World Bank/ IMF Spring Meetings

The 2014 Spring Meetings of the Board of Governors of the World Bank Group and the International Monetary Fund (IMF) were held in Washington D.C., USA from April 7 – 13, 2014. Other meetings, seminars, conferences and events were also held on the fringe of the Spring Meetings. The G-24 Ministers, the International Monetary and Finance Committee (IMFC) and the Development Committee held their respective meetings.

The G-24 Ministers:

- Observed the strengthening recovery in major advanced economies (AEs), but noted that growth remained tepid and subject to considerable risk;
- Expressed concern about the adverse impact of disruptive capital flow and exchange rate volatility resulting from abrupt changes in monetary policy in a few major AEs;
- Urged policymakers, especially in countries that issue reserve currencies, to pursue multilaterally coordinated actions to mitigate adverse spillover effects of monetary policy,
- Urged AEs to do more to stimulate global demand and facilitate rebalancing; and
- Emphasized the necessity of ensuring that Emerging Markets and Developing Countries (EMDCs) have adequate access to financial safety nets, including those from the international financial institutions (IFIs).

The IMFC:

- Called for carefully calibrated and communicated monetary policy actions in major countries, with cooperation among policymakers to manage spillovers and spillbacks;
- Noted that the continued tapering of asset purchases by the Federal Reserve remained appropriate, while the European Central Bank had maintained accommodative monetary conditions and should consider further action if low inflation becomes persistent;
- Urged the euro area to build on recent progress by completing its banking union;

- Encouraged emerging markets and frontier low-income countries not facing inflationary pressures and have credible policy frameworks to use accommodative monetary policies in response to growth slowdowns; and
- Urged removal of structural impediments to inclusive growth to address high unemployment, especially among the youth, and rising inequality.

The Development Committee:

- Noted that economic recovery in high-income countries showed signs of strengthening with growth continuing in many emerging market economies, although risks remained;
- Observed that fostering strong, inclusive and sustainable growth in the interconnected global economy required policy adjustments, appropriate coordination, and communication; and
- Encouraged the World Bank Group and the IMF to work jointly with all member countries in pursuing sound and responsive economic policies to address underlying macroeconomic vulnerabilities; rebuild macroeconomic buffers; and strengthen prudential management of the financial system.

5.2.5 The Institute of International Finance (IIF)

The Institute of International Finance (IIF) Outreach Event was held on June 10, 2014 in Lagos, Nigeria. The event brought together senior-level bank executives, experts from banks, other financial institutions, and the Central Bank of Nigeria and covered topics on IIFs activities. Participants were acquainted with the offers of IIF and how to harness it's expertise for the benefit of their institutions. These bordered on enabling access to off-shore funding, improved corporate governance and attracting capital flows, investment in risk and control structures, upgrading the quality of local regulation and good risk appetite setting, among others.

5.2.6 International Commodity Organisation

The 89th Regular Session of the International Cocoa Organisation (ICCO) was held in Zurich, Switzerland from March 10 – 14, 2014, with the following highlights:

- Nigeria's suspension was lifted and her voting rights restored after paying contribution for 2012/2013; and
- Nigeria and Togo were urged to provide statistics on their output and export of cocoa beans.

6.0 OUTLOOK FOR THE SECOND HALF OF 2014

Despite the unfavourable global economic environment, Nigeria's output growth for the second half of 2014 was expected to remain resilient amidst disruptions of agricultural activity on account of insecurity. Firmed-up domestic demand would continue to drive the services and manufacturing sectors, while the strengthening of growth in advanced economies would bolster external demand. Although there are signs of domestic inflationary pressures, pass-through effect of foreign prices on domestic inflation was expected to be dampened as global inflation expectations have remained well anchored. In addition, proactive monetary policy measures would stem the liquidity surfeit from accommodative fiscal policy anticipated in the second half of the year. Consequently, domestic inflation would remain reasonably contained within its recent historical average.

The outlook for the external sector for the rest of 2014 remained promising, given the sustained high international crude oil price and stable domestic economic conditions. The fiscal outlook is, however, mixed. Despite the sustained increase in international oil prices above the FGN budget benchmark price of US$77.5/barrel, the reduction in US demand for Nigeria's crude due to the discovery of shale oil might adversely affect total revenue. However, it was expected that the recovery in some emerging markets might boost the demand for Nigeria's Brent and, thereby, dampen the effect of the reduced crude oil demand from the US on federation revenue and accretion to the excess crude account. It was also expected that capital expenditure implementation would intensify in the second half of the year along with upsurge in recurrent expenditure due to the financial outlay for the 2015 election activities.

Table 16
Open Market Operations (OMO) Sessions

Period	Total Bids (N' Million)	Amount Sold (N' Million)	Average Tenor (Days)	Average Yield (%)
2010				
January	0.00	0.00	0	0.00
February	0.00	0.00	0	0.00
March	0.00	0.00	0	0.00
April	275,500.00	120,000.00	186	2.41
May	116,942.00	40,000.00	130	2.45
June	0.00	0.00	0	0.00
Total	**392,442.00**	**160,000.00**		
Average	**196,221.00**	**80,000.00**	**158**	**2.43**
July	0.00	0.00	0	0.00
August	0.00	0.00	0	0.00
September	70,250.00	24,000.00	79	5.10
October	2,000.00	2,000.00	181	8.60
November	47,250.00	29,500.00	240	10.00
December	99,181.00	53,250.00	148	7.40
Total	**218,681.00**	**108,750.00**		
Average	**54,670.25**	**27,187.50**	**162**	**7.78**
2011				
January	255,939.22	140,539.22	146	9.30
February	0.00	0.00	0	0.00
March	123,421.18	69,918.18	33	6.78
April	142,516.59	23,387.18	37	9.27
May	119,335.12	48,607.55	150	9.61
June	80,450.00	25,470.00	157	9.08
Total	**721,662.11**	**307,922.13**		
Average	**120,277.02**	**51,320.36**	**105**	**8.81**
July	227,418.50	97,815.50	258	8.55
August	590,156.17	351,676.17	207	8.91
September	327,028.16	170,997.21	43	10.90
October	652,222.53	465,381.71	159	16.25
November	811,607.10	343,676.63	132	16.58
December	731,097.91	428,815.76	202	18.03
Total	**3,339,530.37**	**1,858,362.98**		
Average	**556,588.40**	**309,727.16**	**167**	**13.20**
2012				
January	799,840.00	246,660.00	173	16.36
February	1,124,220.00	297,000.00	238	15.89
March	1,150,240.00	491,600.00	297	15.27
April	973,640.00	304,180.00	289	14.57
May	956,240.00	363,130.00	69	13.99
June	48,220.00	14,110.00	62	14.50
Total	**5,052,400.00**	**1,716,680.00**		
Average	**842,066.67**	**286,113.33**	**188**	**15.10**
July	17,320.00	50.00	48	14.10
August	137,790.00	4,500.00	69	14.00
September	714,000.00	318,420.00	64	14.25
October	1,330,810.00	882,800.00	75	14.03
November	1,525,360.00	939,540.00	90	13.77
December	952,950.00	650,270.00	112	13.40
Total	**4,678,230.00**	**2,795,580.00**		
Average	**779,705.00**	**465,930.00**	**76**	**13.92**
2013				
January	2,958,460.00	1,756,660.00	77	13.73
February	2,302,710.00	1,351,600.00	105	12.54
March	2,061,290.00	1,265,240.00	118	13.30
April	2,228,780.00	1,516,690.00	169	13.55
May	1,476,320.00	1,127,400.00	159	13.22
June	505,190.00	81,950.00	156	14.09
Total	**11,532,750.00**	**7,099,540.00**		
Average	**1,922,125.00**	**1,183,256.67**	**131**	**13.40**
July	1,078,590.00	508,740.00	161	14.02
August	96,480.00	91,730.00	132	13.37
September	337,350.00	150,510.00	141	13.41
October	1,956,950.00	1,206,860.00	127	12.80
November	1,109,670.00	791,090.00	102	12.52
December	797,960.00	599,470.00	125	12.51
Total	**5,377,000.00**	**3,348,400.00**		
Average	**896,166.67**	**558,066.67**	**131**	**13.10**
2014				
January	1,271,958.85	1,091,488.65	118	12.47
February	405,786.77	307,403.51	130	13.17
March	836,869.23	714,571.36	133	13.76
April	359,329.93	285,940.65	125	12.87
May	1,229,507.61	905,994.13	121	11.29
June	1,351,007.15	1,179,539.92	122	11.20
Total	**5,454,459.54**	**4,484,938.22**		
Average	**909,076.59**	**747,489.70**	**125**	**12.46**

Source: Central Bank of Nigeria

Table 17
Treasury Bills: Issues and Allotments
(Naira Million)

Period	Issues	Central Bank	Allotment to Subscriber	
			Deposit Money Banks	Non-Bank Public
2010				
June	158,700.00	0.00	114,343.96	44,356.04
December	297,909.82	0.00	222,498.29	75,411.53
Annual Total	**2,003,952.93**	**24,485.00**	**1,378,658.34**	**600,809.59**
Annual Average	**166,996.08**		**114,888.19**	**50,067.47**
2011				
June	340,233.10	0.00	206,187.59	134,045.51
December	317,714.17	0.00	172,438.46	145,275.72
Annual Total	**3,046,262.94**		**1,999,006.25**	**1,047,256.69**
Annual Average	**253,855.24**		**166,583.85**	**87,271.39**
2012				
June	373,163.33	0.00	249,121.86	124,041.48
December	340,192.60	0.00	162,991.20	177,201.40
Annual Total	**3,625,060.16**	**163,857.24**	**2,026,752.46**	**1,419,047.31**
Annual Average	**302,088.35**	**13,654.77**	**168,896.04**	**118,253.94**
2013				
June	397,845.75	0.00	152,626.18	245,219.57
December	400,605.12	0.00	139,214.85	261,390.28
Annual Total	**3,650,881.21**	**0.00**	**1,853,716.30**	**1,797,164.91**
Annual Average	**304,240.10**	**0.00**	**154,476.36**	**149,763.74**
2014				
January	357,296.66	0.00	291,278.36	68,018.31
February	319,924.18	0.00	256,520.53	63,403.65
March	497,005.48	0.00	341,448.54	155,556.94
April	334,269.40	0.00	228,427.87	105,841.52
May	278,509.28	0.00	195,099.35	83,409.93
June	440,713.48	0.00	165,215.22	275,498.26
Half Year Total	**2,227,718.47**	**0.00**	**1,477,989.87**	**751,728.60**
Half Year Average	**371,286.41**	**0.00**	**246,331.64**	**125,288.10**

Source: Central Bank of Nigeria

Table 18
Monetary and Credit Developments
(₦' Million)

Item	Jun 2010	Dec 2010	Jun 2011	Dec 2011	Jun 2012 /3	Dec 2012	Jun 2013 /3	Dec 2013	Jun 2014
(1) Domestic Credit (Net)	**8,612,939.99**	**8,708,545.45**	**8,889,638.55**	**13,686,730.20**	**13,567,429.11**	**12,698,205.05**	**13,149,382.49**	**15,040,696.01**	**15,173,560.61**
(a) Claims on Federal Government (Net)	**-1,489,877.51**	**(1,121,798.63)**	**(1,068,311.33)**	**(496,861.62)**	**(1,133,629.28)**	**(2,453,557.09)**	**(2,542,654.43)**	**(1,468,776.49)**	**(1,790,219.61)**
By Central Bank	-3,272,806.06	(2,884,013.44)	(2,733,579.77)	(3,514,447.09)	(3,723,009.95)	(3,574,376.40)	(3,519,920.52)	(2,101,616.08)	(2,730,498.83)
By Commecial Banks	1,782,928.55	1,762,214.81	1,665,268.44	3,017,585.48	2,584,468.21	1,120,543.34	937,527.48	596,989.86	904,620.71
By Merchant Banks						-	39,738.60	36,606.47	36,414.13
By Non Interest Banks	0.00	-	-	-	4,912.46	275.98	-	(756.74)	(755.62)
(b) Claims on Private Sector	**10,102,817.50**	**9,830,344.08**	**9,957,949.88**	**14,183,591.82**	**14,701,058.40**	**15,151,762.15**	**15,692,036.93**	**16,509,472.50**	**16,963,780.23**
By Central Bank	396,545.27	632,171.02	726,392.50	4,569,146.02	4,652,650.38	4,708,311.82	4,703,313.19	4,917,493.06	4,684,233.83
By Commercial Banks	9,706,272.23	9,198,173.06	9,231,557.39	9,614,445.80	10,048,406.52	10,440,956.33	10,949,139.46	11,543,649.93	12,223,369.91
By Merchant Banks						-	32,218.12	37,919.13	41,171.58
By Non Interest Banks			-	-	1.50	2,493.99	7,366.15	10,410.38	15,004.91
(i) Claims on State and Local Govts	319,167.11	369,809.82	420,237.95	513,218.66	586,273.65	665,879.27	661,034.92	779,126.93	733,441.16
By Central Bank	0.00	-	-	-	-	-	-	-	-
By Commercial Banks	319,167.11	369,809.82	420,237.95	513,218.66	586,273.65	665,879.27	660,341.02	776,698.03	731,041.16
By Merchant Banks						-	693.90	1,428.90	-
By Non Interest Banks					-	-	-	1,000.00	2,400.00
(ii) Claims on Non-Financial Public Ent's	0.00	0.0	0.0	0.0	0.0	0.0	0.0	23,578.28	23,574.95
By Central Bank	0.00	0.0	0.0	0.0	0.0	0.0	0.0	23,578.28	23,574.95
By Commercial Banks						0.0	0.0	-	-
By Merchant Banks						0.0	0.0	-	-
By Non Interest Banks						0.0	0.0	-	-
(iii) Claims on Other Private Sector	9,783,650.39	9,460,534.26	9,537,711.94	13,670,373.16	14,114,784.74	14,485,882.87	15,031,002.01	15,706,767.28	16,206,764.12
By Central Bank	396,545.27	632,171.02	726,392.50	4,569,146.02	4,652,650.38	4,708,311.82	4,703,313.19	4,893,914.78	4,660,658.88
By Commercial Banks	9,387,105.12	8,828,363.23	8,811,319.44	9,101,227.14	9,462,132.86	9,775,077.06	10,288,798.44	10,766,951.89	11,492,328.75
By Merchant Banks						-	31,524.22	36,490.23	41,171.58
By Non Interest Banks					1.50	2,493.99	7,366.15	9,410.38	12,604.91
(2) Foreign Assets (Net)	**6,484,759.01**	**6,506,618.59**	**6,453,690.26**	**7,138,672.78**	**7,522,255.04**	**9,043,678.68**	**9,164,430.15**	**8,513,268.89**	**7,693,274.34**
By Central Bank	5,401,021.13	5,372,285.81	4,922,626.64	5,823,794.26	6,025,336.84	7,393,557.68	7,561,183.53	6,898,546.52	6,200,004.89
By Commercial Banks	1,083,737.87	1,134,332.78	1,531,063.63	1,314,878.51	1,496,918.19	1,647,936.45	1,599,504.06	1,611,727.94	1,482,366.77
By Merchant Banks						-	1,936.05	1,089.63	8,419.57
By Non Interest Banks					-	2,184.56	1,806.50	1,904.80	2,483.10
(3) Other Assets (Net)	**-4,252,200.90**	**(3,689,633.70)**	**(3,171,232.11)**	**(7,521,908.48)**	**(7,606,624.73)**	**(6,258,036.21)**	**(6,720,640.13)**	**(7,885,012.61)**	**(6,938,457.25)**
Total Monetary Assets	**10,845,498.10**	**11,525,530.34**	**12,172,096.71**	**13,303,494.50**	**13,483,059.41**	**15,483,847.53**	**15,593,172.51**	**15,668,952.29**	**15,928,377.70**
Quasi-Money /1	**5,927,508.17**	**5,954,260.45**	**6,534,832.17**	**6,531,913.01**	**6,883,664.88**	**8,062,901.35**	**8,653,623.30**	**8,656,124.80**	**9,341,094.52**
Money Supply	**4,917,989.92**	**5,571,269.89**	**5,637,264.54**	**6,771,581.49**	**6,599,394.54**	**7,420,946.18**	**6,939,549.21**	**7,012,827.49**	**6,587,283.17**
Currency Outside Banks	795,412.07	1,082,295.07	1,016,449.92	1,245,135.35	1,088,325.98	1,301,160.63	1,127,804.88	1,447,060.44	1,162,380.36
Demand Deposits /2	4,122,577.85	4,488,974.82	4,620,814.62	5,526,446.14	5,511,068.56	6,119,785.55	5,811,744.33	5,565,767.05	5,424,902.81
Total Monetary Liabilities	**10,845,498.10**	**11,525,530.34**	**12,172,096.71**	**13,303,494.50**	**13,483,059.41**	**15,483,847.53**	**15,593,172.51**	**15,668,952.29**	**15,928,377.70**
GROWTH RATE OVER THE PRECEDING DECEMBER (In Percentages)									
Credit to the Domestic Economy (Net)	8.79	10.00	2.08	57.16	-0.87	-7.22	3.55	18.45	0.88
Credit to the Private Sector	-1.14	-3.81	1.30	44.28	3.65	6.83	3.57	8.96	2.75
Claims on Federal Government (Net)	35.29	51.27	4.77	55.71	-128.16	-393.81	-3.63	40.14	-21.89
By Central Bank	12.29	22.71	5.22	-21.86	-5.93	-1.71	1.52	41.20	-29.92
Claims on State and Local Governments	2.85	19.17	13.64	38.78	14.23	29.75	-0.73	17.01	-5.86
Claims on Non-Financial Public Enterprises									
Claims on Other Private Sector	-1.13	-4.40	0.82	44.50	3.25	5.97	3.76	8.43	3.18
Foreign Assets (Net)	-14.60	-14.31	-0.81	9.71	5.37	26.69	1.34	-5.86	-9.63
Quasi-Money	2.85	3.31	9.75	9.70	5.39	23.44	7.33	7.36	7.91
Money Supply (M1)	-1.98	11.05	1.18	21.54	-2.54	9.59	-6.49	-5.50	-6.07
Broad Money (M2)	0.60	6.91	5.61	15.43	1.35	16.39	0.71	1.20	1.66
Other Assets (Net)	10.10	21.99	14.05	-103.87	-1.13	16.80	-7.35	-26.00	12.00

Source: Central Bank of Nigeria

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

/2 Demand Deposits consist of state and local government as well as parastatals deposits at the CBN on the one hand and state and local government and private sector deposits as well as demand deposits of non-financial public enterprises at the Deposit Money Banks.

/3 Revised

Table 19
Value of Money Market Assets
(Naira Million)

Instrument	2010 June	2010 Dec	2011 June	2011 Dec	2012 June	2012 Dec	2013 June	2013 Dec	2014 June
Treasury Bills	901,016.62	1,277,101.60	1,561,424.00	1,727,910.00	2,084,590.38	2,122,926.96	2,483,285.11	2,581,550.64	2,735,869.09
Treasury Certificates	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Development Stocks	220.00	220.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Certificates of Deposits	60,000.00	0.00	0.00	0.00	0.00	34,000.00	23,000.00	20,500.00	51,500.00
Commercial Papers	188,204.28	189,216.42	199,469.24	203,008.29	2,039.06	1,050.36	6,466.85	9,324.80	10,630.95
Bankers' Acceptances	41,312.04	79,172.31	62,258.27	73,406.10	23,722.34	9,863.82	16,012.34	20,469.96	28,151.69
FGN Bonds	2,408,426.59	2,901,600.30	3,276,111.00	3,541,200.00	3,714,553.86	4,080,048.85	4,032,903.13	4,222,037.71	4,369,837.71
Total	**3,599,179.53**	**4,447,310.63**	**5,099,262.52**	**5,545,524.39**	**5,824,905.64**	**6,247,889.99**	**6,570,202.67**	**6,853,883.10**	**7,195,989.44**
Percentage Change Over Preceding December									
Treasury Bills	12.98	60.14	22.26	35.30	20.64	22.86	16.97	21.60	5.98
Treasury Certificates	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Eligible Development Stocks	-57.69	-57.69	-100.00	-100.00	0.00	0.00	0.00	0.00	0.00
Certificates of Deposits	18.81	-100.00	0.00	0.00	0.00	0.00	-32.35	-39.71	151.22
Commercial Papers	-63.03	-62.83	5.42	7.29	-99.00	-99.48	515.68	787.77	14.01
Bankers' Acceptances	-33.63	27.20	-21.36	-7.28	-67.68	-86.56	62.33	107.53	37.53
FGN Bonds	21.95	46.92	12.91	22.04	4.90	15.22	-1.16	3.48	3.50
Percentage Change of Total	**6.02**	**31.01**	**14.66**	**24.69**	**5.04**	**12.67**	**5.16**	**9.70**	**4.99**

Source: Central Bank of Nigeria
1/ Provisional

Table 20
Selected Interest Rates
(End-Period Rate)

	2010		2011		2012		2013		2014
	Jun	Dec	Jun	Dec	Jun	Dec	Jun	Dec	Jun
End-Period Rates									
Monetary Policy Rate	6.00	6.25	8.00	12.00	12.00	12.00	12.00	12.00	12.00
Treasury Bills Issue Rate	2.38	7.47	8.35	14.23	14.08	11.77	11.60	10.97	9.98
Inter-bank Call Rate	1.18	8.83	10.92	14.10	15.26	10.56	10.42	10.50	10.50
Open Buy Back (OBB)	1.09	8.25	9.11	13.57	14.46	10.29	10.29	11.50	10.25
NIBOR 7-days	2.43	9.67	11.75	14.63	15.58	11.38	10.75	10.88	
NIBOR 30-days	5.17	12.17	12.83	15.25	16.04	12.96	11.00	11.13	12.07
Deposit Money Banks (DMBs) (Weighted Average Rates)									
Savings Deposit Rate	1.95	1.51	1.40	1.41	1.76	1.66	2.04	2.53	3.42
Time Deposit Rate (3 months)	4.98	4.63	5.14	6.80	7.80	9.15	7.49	7.96	9.30
Prime Lending Rate	17.65	15.74	15.76	16.75	16.93	16.54	16.56	17.01	16.50
Maximum Lending Rate	22.03	21.86	22.02	23.21	23.44	24.61	24.58	24.90	26.07

Sources: Financial Market Dealers Association (FMDA) and Central Bank of Nigeria

Table 21
Federation Account Operations /1
(₦' Billion)

	1st Half	1st Half	1st Half	1st Half	2nd Half	1st Half Budget
Total Revenue (Gross)	**3,275.88**	**4,758.96**	**5,577.22**	**4,806.50**	**5,109.03**	**5,437.75**
Oil Revenue (Gross)	**2,445.42**	**3,828.05**	**4,357.61**	**3,648.04**	**3,604.39**	**3,582.40**
Crude oil / Gas Exports	834.31	1,007.66	959.01	842.94	1,094.04	1,920.37
PPT and Royalties etc.	813.25	1,698.91	2,160.16	2,003.29	1,713.36	1,335.54
Domestic Crude Oil / Gas Sales	793.74	1,119.63	1,190.62	785.17	748.21	323.28
Other Oil Revenue	4.13	1.86	47.82	16.64	48.78	3.22
Less:						
Deductions	1,141.34	2,136.53	2,214.56	1,281.47	1,124.72	1,076.73
Oil Revenue (Net)	**1,304.08**	**1,691.53**	**2,143.05**	**2,366.57**	**2,479.67**	**2,505.67**
Non-oil Revenue	**830.45**	**930.91**	**1,219.61**	**1,158.46**	**1,504.64**	**1,855.35**
Corporate Tax	261.50	243.26	281.82	341.37	582.31	493.13
Customs & Excise Duties	140.70	210.57	226.97	207.20	257.91	391.19
Value-Added Tax (VAT)	282.38	307.11	352.75	379.18	407.95	422.72
Independent Revenue of Fed. Govt.	65.21	92.93	226.70	82.20	134.01	226.02
Education Tax	31.57	14.57	48.71	51.80	18.57	81.01
Customs Special Levies (Federation Account)	44.92	61.82	79.10	92.91	44.93	111.23
National Information Technology Development Fund (NITDF)	4.17	0.64	3.57	3.80	2.04	4.70
Customs Special Levies (Non-Federation Account)	0.00	0.00	0.00	0.00	56.91	125.35
Less:						
Cost of Collection	31.60	36.27	41.27	43.33	217.35	88.81
Non-Oil Revenue (Net)	**798.85**	**894.64**	**1,178.34**	**1,115.14**	**1,287.29**	**1,766.54**
Estimated Balances in Special Accounts for the previous year	0.00	0.00	0.00	0.00	0.00	1.39
Federally-collected revenue (Net)	**2,102.93**	**2,586.16**	**3,321.39**	**3,481.71**	**3,766.96**	**4,273.60**
Federation Account Allocation:	**2,102.93**	**2,586.16**	**3,321.39**	**3,481.71**	**3,766.96**	**4,273.60**
Transfer to Federal Govt. Ind. Revenue	65.21	92.93	226.70	82.20	134.01	226.02
Transfer to VAT Pool Account	271.08	294.82	338.64	364.01	391.63	405.82
Other Tranfers 3/	80.66	77.03	131.37	148.51	122.45	198.85
Distributable Amount						
Amount Distributed	**1,685.98**	**2,121.38**	**2,624.68**	**2,886.98**	**3,118.87**	**3,442.91**
Federal Government	795.99	1,001.70	1,235.91	1,358.79	1,473.20	1,642.13
State Government	403.74	508.08	626.87	689.20	747.23	832.91
Local Government	311.26	391.70	483.29	531.34	576.08	642.14
13% Derivation	174.99	219.90	278.60	307.65	322.36	325.74
Vat Pool Account	**271.08**	**294.82**	**338.64**	**364.01**	**391.63**	**405.82**
FG	40.66	44.22	50.79	54.60	58.74	60.87
SG	135.54	147.41	169.32	182.00	195.82	202.91
LG	94.88	103.19	118.52	127.40	137.07	142.04
Special Funds (FGN)	**61.60**	**77.80**	**96.55**	**107.49**	**116.89**	**130.30**
Federal Capital Territory	14.74	18.61	23.10	25.71	27.97	31.17
Ecology	14.74	18.61	23.10	25.71	27.97	31.17
Statutory Stabilization	7.37	9.31	11.55	12.86	13.98	15.59
Natural Resources	24.76	31.27	38.81	43.20	46.98	52.37
FCT VAT	2.71	2.95	3.39	3.64	3.92	4.06
Overall Balance	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Memorandum Items						
Deductions	**1,141.34**	**2,136.53**	**2,214.56**	**1,281.47**	**1,124.72**	**1,076.73**
JVC Cash calls	488.82	499.35	562.65	571.43	684.05	429.29
Excess Crude Proceeds	391.64	548.29	428.45	0.00	182.50	0.00
Excess PPT & Royalty	27.24	819.83	886.33	674.07	206.85	0.00
Domestic Subsidy	233.64	269.07	77.14	0.00	0.00	485.57
Others	0.00	-	260.00	35.96	51.33	161.87
Distribution from Excess Crude	**442.82**	**0.00**	**75.00**	**309.48**	**0.00**	**341.67**
Federal Government	202.95	0.00	34.37	141.84	0.00	177.03
State Government	102.94	0.00	17.44	71.94	0.00	92.97
Local Government	79.36	0.00	13.44	55.46	0.00	71.68
13% Derivation	57.57	0.00	9.75	40.23	0.00	0.00
Provisional Dist & Actual Budget (Diff)	**39.87**	**162.90**	**0.00**	**0.00**	**0.00**	**0.00**
Federal Government	18.27	74.66	0.00	0.00	0.00	0.00
State Government	9.27	37.87	0.00	0.00	0.00	0.00
Local Government	7.15	29.20	0.00	0.00	0.00	0.00
13% Derivation	5.18	21.18	0.00	0.00	0.00	0.00
Exchange Rate Gain	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Federal Government	0.00	0.00	0.00	0.00	0.00	0.00
State Government	0.00	0.00	0.00	0.00	0.00	0.00
Local Government	0.00	0.00	0.00	0.00	0.00	0.00
13% Derivation	0.00	0.00	0.00	0.00	0.00	0.00
SURE-P 6/	**0.00**	**0.00**	**71.10**	**213.30**	**213.29**	**0.00**
Federal Government	0.00	0.00	32.59	97.76	97.75	0.00
State Government	0.00	0.00	16.53	49.58	49.58	0.00
Local Government	0.00	0.00	12.74	38.23	38.23	0.00
13% Derivation	0.00	0.00	9.24	27.73	27.73	0.00
NNPC Refund	**0.00**	**0.00**	**72.15**	**45.70**	**30.47**	**0.00**
Federal Government						
State Government	0.00	0.00	33.80	22.45	14.97	0.00
Local Government	0.00	0.00	26.06	17.31	11.54	0.00
13% Derivation	0.00	0.00	12.29	5.94	3.96	0.00
Federation Revenue Augmentation	**414.22**	**145.95**	**462.02**	**613.88**	**0.00**	**0.00**
Federal Government	189.84	66.89	211.75	281.35	0.00	0.00
State Government	96.29	33.93	107.40	142.71	0.00	0.00
Local Government	74.24	26.16	82.80	110.02	0.00	0.00
13% Derivation	53.85	18.97	60.06	79.80	0.00	0.00
Total Excluding VAT	**2,582.88**	**2,430.23**	**3,304.94**	**4,069.34**	**3,362.63**	**3,784.58**
Federal Government	1,207.06	1,143.25	1,514.63	1,879.74	1,570.95	1,819.15
State Government	612.23	579.87	802.04	975.88	811.78	925.88
Local Government	472.01	447.06	618.34	752.36	625.85	713.81
13% Derivation	291.59	260.05	369.94	461.36	354.05	325.74
Total Statutory Revenue and VAT Distribution 3/	**2,853.97**	**2,725.06**	**3,643.58**	**4,433.35**	**3,754.26**	**4,190.40**
Federal Government	1,247.72	1,187.48	1,565.42	1,934.34	1,629.69	1,880.03
State Government	747.78	727.29	971.36	1,157.89	1,007.60	1,128.79
Local Government	566.89	550.25	736.86	879.76	762.92	855.85
13% Derivation	291.59	260.05	369.94	461.36	354.05	325.74

Source: Office of the Accountant-General of the Federation (OAGF)
1/ Revised
2/Provisional
3/ Includes Education Tax, Customs Levies and NITDF

Table 22
Summary of Federal Government Finances
First Half, 2014
(₦' Billion)

	2010 First Half	2011 First Half	2012 First Half	2013 1/ First Half	2014 2/ First Half	2014 First Half Budget
Total Federal Government Retained Revenue	**1,390.24**	**1,308.10**	**1,902.01**	**1,960.17**	**1,771.27**	**2,134.04**
Share of Federation Account (Gross)	795.99	1,001.70	1,235.91	1,358.79	1,473.20	1,642.13
Share of VAT Pool Account	40.66	44.22	50.79	54.60	58.75	60.87
Federal Government Independent Revenue	65.20	92.93	128.56	82.20	134.01	226.02
Revenue Augmentation	289.26	141.55	211.75	281.35	0.00	0.00
Share of Excess Crude Account	0.00	0.00	106.75	141.84	0.00	0.00
SURE-P	199.12	27.70	32.59	97.76	97.75	134.19
Others 3/	0.00	0.00	135.66	(56.38)	7.56	70.84
Total Expenditure	**1,818.16**	**1,958.34**	**2,180.56**	**2,375.56**	**2,096.37**	**2,616.14**
Recurrent Expenditure	**1,297.22**	**1,546.61**	**1,553.24**	**1,714.39**	**1,577.88**	**1,717.80**
Goods and Services	**1,062.35**	**1,235.19**	**1,109.68**	**1,080.61**	**979.27**	**1,227.44**
Personnel Cost	540.21	832.42	869.78	775.06	753.13	884.52
Pension	97.73	54.76	76.92	66.27	73.88	93.73
Overhead Cost	424.40	348.01	162.98	239.28	152.26	249.20
Interest Payments	**170.56**	**225.15**	**308.87**	**390.61**	**477.80**	**356.00**
Foreign	19.62	20.90	21.97	29.59	36.37	24.20
Domestic 4/	150.95	204.25	286.90	361.02	441.43	331.81
Transfers	**64.31**	**86.28**	**134.69**	**243.17**	**120.81**	**134.36**
FCT & Others (Special Funds)	64.31	86.28	134.69	152.38	120.81	134.36
Others	**0.00**	**0.00**	**0.00**	**90.79**	**0.00**	**0.00**
Capital Expenditure & Net Lending 5/	**445.11**	**303.62**	**259.25**	**499.69**	**353.15**	**693.99**
Domestic Financed Budgets	**445.11**	**303.62**	**259.25**	**499.69**	**353.15**	**693.99**
Budgetary	445.11	303.62	259.25	401.93	255.40	559.81
SURE-P	0.00	0.00	32.59	97.76	97.76	134.19
Transfers	**75.83**	**108.10**	**368.06**	**161.49**	**165.34**	**204.34**
NDDC	0.00	28.04	0.00	0.00	15.49	30.97
NJC	45.50	47.50	39.17	33.50	27.92	36.50
UBE	22.16	23.04	31.80	38.99	29.36	35.24
Refund of Signature Bonuses/Others	8.17	9.52	297.10	89.01	92.58	101.64
Balance Of Revenue And Expenditure						
Primary Surplus (+)/Deficit (-)	**(257.36)**	**(425.09)**	**30.32**	**(24.79)**	**152.70**	**(126.10)**
Current Surplus(+)/Deficit(-)	**93.02**	**(238.51)**	**348.77**	**245.78**	**193.39**	**416.24**
Overall Surplus(+)/Deficit(-)	**(427.93)**	**(650.23)**	**(278.55)**	**(415.40)**	**(325.11)**	**(482.10)**
Financing:	**502.95**	**723.56**	**278.55**	**415.40**	**325.11**	**482.10**
Foreign(Net)	**75.03**	**73.33**	**0.00**	**0.00**	**0.00**	**0.00**
Domestic(Net)	**427.93**	**650.23**	**278.55**	**415.40**	**325.11**	**482.10**
Banking System	0.00	0.00	0.00	0.00	0.00	0.00
CBN	0.00	0.00	0.00	0.00	0.00	0.00
DMBs	0.00	0.00	0.00	0.00	0.00	0.00
Non Bank Public	366.87	476.00	204.00	521.43	504.00	312.11
Privatization Proceeds	0.00	0.00	3.50	0.00	0.00	7.50
Loans from Special Accts	0.00	95.00	0.00	151.26	114.15	0.00
Excess Crude	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**162.48**
Other Funds	**61.06**	**79.23**	**71.05**	**(257.30)**	**(293.04)**	**0.00**

Source: Office of the Accountant-General of the Federation (OAGF)

1/ Revised

2/ Provisional

3/ Includes FG's share of Federation Revenue Augmentation and Share of Difference between Provisonal and Approved Budget.

4/ Include Ways and Means Advances

5/ Includes net deductions for loans on lent to State,local governments and Federal parastatals/companies.

Table 23
Functional Classification of Federal Government Recurrent and Capital Expenditure
First Half, 2014
(Naira Billion)

	2010 Half - Year	2011 Half - Year	2012 Half - Year	2013 Half - Year	2014 Half - Year 1/
TOTAL EXPENDITURE	**1,818.16**	**1,958.34**	**2,180.56**	**2,375.56**	**2,096.37**
A. RECURRENT EXPENDITURE	**1,297.22**	**1,546.61**	**1,553.24**	**1,714.39**	**1,577.88**
A1. ADMINISTRATION	**498.45**	**600.99**	**601.91**	**626.12**	**460.13**
General Administration	257.79	281.14	310.89	313.47	140.61
Defence	98.80	109.47	109.88	117.52	119.89
Internal Security	141.86	210.38	181.14	195.14	199.63
A2. ECONOMIC SERVICES	**155.62**	**195.35**	**172.59**	**178.34**	**202.19**
Agriculture	13.37	15.99	22.09	19.01	18.91
Roads & Construction	17.89	20.57	19.21	21.31	25.88
Transport & Communications	35.96	43.33	47.29	46.72	53.99
Others	88.41	115.46	84.00	91.30	103.41
A3. SOCIAL & COMMUNITY SERVICES	**240.99**	**287.08**	**288.70**	**300.67**	**249.04**
Education	107.17	130.42	138.57	138.21	103.65
Health	48.76	57.63	70.29	64.80	63.76
Others	85.07	99.02	79.83	97.66	81.62
A4. TRANSFERS	**402.15**	**463.20**	**490.05**	**609.26**	**666.52**
Public Debt Charges (Int)	170.56	225.15	308.87	390.61	477.80
Domestic	150.95	204.25	286.90	361.02	441.43
Foreign	19.62	20.90	21.97	29.59	36.37
Pensions & Gratuities	97.73	54.76	76.92	66.27	67.91
FCT & Others	64.31	86.28	134.69	152.38	120.81
Contingencies (Others)	-	-	-	-	-
External Obligations	-	-	-	-	-
Extra-Budgetary Expenditure	-	-	-	-	-
Deferred Customs Duties	-	-	-	-	-
Unspecified Expenditure	-	-	-	-	-
Others	69.54	97.02	(30.44)	-	-
B. CAPITAL EXPENDITURE	**445.11**	**303.62**	**259.25**	**499.69**	**353.15**
B1. ADMINISTRATION	**111.06**	**116.13**	**110.38**	**176.19**	**122.34**
General Administration	69.12	75.05	68.16	110.77	64.61
Defence	18.09	15.99	16.45	26.41	22.76
Internal Security	23.85	25.09	25.77	39.01	34.96
B2 ECONOMIC SERVICES	**249.50**	**118.89**	**97.82**	**221.44**	**90.42**
Agriculture & Natural Resources	35.67	19.30	20.79	38.22	29.79
Manuf., Mining & Quarrying	10.35	7.81	5.72	12.23	-
Transport & Communications	41.99	28.21	29.21	51.97	26.93
Housing	-	-	-	-	-
Roads & Construction	72.01	36.08	36.38	71.15	33.70
National Priority Projects	-	-	-	-	-
JVC Calls/NNPC Priority Projects	-	-	-	-	-
PTF	-	-	-	-	-
Counterpart Funding	-	-	-	-	-
Others	89.49	27.50	5.72	47.86	-
B3 SOCIAL & COMMUNITY SERVICES	**62.98**	**54.85**	**39.62**	**79.11**	**43.26**
Education	20.76	17.90	19.57	30.32	21.57
Health	17.15	14.97	15.68	24.82	21.69
Others	25.06	21.98	4.37	23.97	-
B4 TRANSFERS	**21.57**	**13.75**	**11.43**	**22.94**	**97.13**
Financial Obligations	-	-	-	-	-
Capital Repayments	-	-	-	-	-
Domestic	-	-	-	-	-
Foreign	-	-	-	-	-
External Obligations	-	-	-	-	-
Contingencies 2/	-	-	-	-	-
Capital Supplementation	18.47	10.60	8.19	17.99	97.13
Net Lending to States/L.G.s/Parast.	-	-	-	-	-
Grants to States	-	-	-	-	-
Others	3.10	3.15	3.23	4.95	-
C. STATUTORY TRANSFERS	**75.83**	**108.10**	**368.06**	**161.49**	**165.34**
NDDC	0.00	28.04	0.00	0.00	15.49
NJC	45.50	47.50	39.17	33.50	27.92
UBE	22.16	23.04	31.80	38.99	29.36
Others	8.17	9.52	297.10	89.01	92.58

1/ Provisional

Sources: Federal Ministry of Finance, Office of the Accountant-General of the Federation
Central Bank of Nigeria

Table 24
Summary of Statutory & VAT Revenue Allocation to State Governments
First Half, 2014
(Naira Billion)

S/N	States	First Half 2010 Gross Stat. Alloc.	Deductions	13% Derivation	Total Net Stat. Alloc.	Augmentation	Exchange Gain	Excess Crude 2/	VAT	Total Gross Allocation	Total Net Alloc.
1	Abia	9.73	0.53	2.75	11.95	3.17	0.30	3.28	2.79	22.02	**21.49**
2	Adamawa	10.86	1.01	-	9.86	2.59	0.25	2.65	2.92	19.28	**18.27**
3	Akwa Ibom	10.99	1.26	49.09	58.82	17.73	1.71	18.84	3.53	101.88	**100.62**
4	Anambra	10.97	0.32	-	10.65	2.62	0.25	2.68	3.24	19.76	**19.44**
5	Bauchi	12.73	0.87	-	11.86	3.04	0.29	3.11	3.33	22.49	**21.62**
6	Bayelsa	8.72	5.83	20.27	23.15	8.32	0.80	8.80	2.51	49.41	**43.58**
7	Benue	11.73	0.77	-	10.96	2.80	0.27	2.87	3.18	20.84	**20.07**
8	Borno	12.94	0.11	-	12.83	3.09	0.30	3.16	3.23	22.72	**22.61**
9	Cross River	10.20	2.29	-	7.91	2.43	0.23	2.49	2.83	18.18	**15.89**
10	Delta	10.98	2.24	42.74	51.49	15.77	1.52	16.74	3.80	91.56	**89.32**
11	Ebonyi	9.01	0.22	-	8.78	2.15	0.21	2.20	2.63	16.20	**15.97**
12	Edo	10.25	0.96	3.15	12.45	3.42	0.33	3.54	3.22	23.91	**22.96**
13	Ekiti	9.08	0.18	-	8.90	2.17	0.21	2.22	2.65	16.33	**16.15**
14	Enugu	10.25	0.47	-	9.78	2.44	0.24	2.50	2.95	18.39	**17.91**
15	Gombe	9.64	0.66	-	8.97	2.30	0.22	2.35	2.68	17.18	**16.52**
16	Imo	10.94	2.76	2.69	10.87	3.44	0.33	3.56	3.11	24.07	**21.31**
17	Jigawa	12.02	0.82	-	11.20	2.87	0.28	2.94	3.28	21.38	**20.56**
18	Kaduna	13.70	0.87	-	12.83	3.27	0.31	3.35	3.86	24.49	**23.62**
19	Kano	17.17	0.52	-	16.65	4.09	0.39	4.20	5.32	31.18	**30.66**
20	Katsina	13.06	0.77	-	12.29	3.11	0.30	3.19	3.72	23.38	**22.62**
21	Kebbi	10.92	1.58	-	9.34	2.60	0.25	2.67	2.94	19.39	**17.80**
22	Kogi	10.89	0.77	-	10.13	2.60	0.25	2.66	3.14	19.54	**18.78**
23	Kwara	9.93	0.19	-	9.74	2.37	0.23	2.43	2.71	17.66	**17.48**
24	Lagos	15.51	3.75	-	11.76	3.70	0.36	3.79	23.74	47.09	**43.34**
25	Nasarawa	9.30	0.63	-	8.67	2.22	0.21	2.27	2.50	16.50	**15.87**
26	Niger	12.70	1.57	-	11.14	3.03	0.29	3.10	3.15	22.28	**20.71**
27	Ogun	10.62	0.21	-	10.41	2.53	0.24	2.59	3.08	19.07	**18.86**
28	Ondo	10.18	0.42	9.83	19.59	5.45	0.52	5.72	3.05	34.76	**34.34**
29	Osun	10.07	0.48	-	9.59	2.40	0.23	2.46	3.00	18.17	**17.69**
30	Oyo	12.69	1.46	-	11.23	3.03	0.29	3.10	3.84	22.95	**21.49**
31	Plateau	10.65	1.00	-	9.65	2.54	0.24	2.60	2.94	18.99	**17.98**
32	Rivers	11.91	0.62	44.47	55.76	16.52	1.59	17.54	5.42	97.45	**96.83**
33	Sokoto	11.33	0.15	-	11.18	2.70	0.26	2.77	3.05	20.11	**19.96**
34	Taraba	10.73	0.07	-	10.66	2.56	0.25	2.62	2.63	18.78	**18.71**
35	Yobe	10.65	0.22	-	10.43	2.54	0.24	2.60	2.66	18.69	**18.47**
36	Zamfara	10.68	0.72	-	9.96	2.55	0.25	2.61	2.90	18.98	**18.26**
37	Disputed Deriv.				-					-	-
	Rivers/Akwa Disputed Fund				-					-	-
	TOTAL	**403.74**	**37.29**	**174.99**	**541.43**	**150.14**	**14.45**	**156.22**	**135.54**	**1,035.08**	**997.79**

S/N	States	First Half 2011 Gross Stat. Alloc.	Deductions	13% Derivation	Total Net Stat. Alloc.	Augmentation	Exchange Gain	Excess Crude 2/	VAT	Total Gross Alloc.	Total Net Alloc.
1	Abia	12.25	0.24	2.29	14.29	2.14			3.01	19.67	**19.43**
2	Adamawa	13.67	0.72	-	12.96	1.93			3.17	18.77	**18.06**
3	Akwa Ibom	13.83	(0.87)	55.39	70.09	11.08			4.08	84.38	**85.25**
4	Anambra	13.81	0.30	-	13.51	1.95			3.53	19.29	**18.99**
5	Bauchi	16.02	1.39	-	14.63	2.26			3.62	21.90	**20.51**
6	Bayelsa	10.97	12.48	42.77	41.26	9.12			2.78	65.64	**53.16**
7	Benue	14.76	2.18	-	12.58	2.09			3.47	20.32	**18.14**
8	Borno	16.29	0.07	-	16.21	2.30			3.50	22.09	**22.02**
9	Cross River	12.83	0.40	2.27	14.71	2.20			3.05	20.35	**19.96**
10	Delta	13.82	2.03	44.56	56.35	10.79			4.09	73.26	**71.23**
11	Ebonyi	11.33	3.50	-	7.84	1.60			2.90	15.83	**12.34**
12	Edo	12.90	0.96	3.88	15.82	2.65			3.38	22.81	**21.85**
13	Ekiti	11.43	0.14	-	11.29	1.62			2.89	15.94	**15.79**
14	Enugu	12.90	0.17	-	12.73	1.82			3.23	17.95	**17.78**
15	Gombe	12.13	0.42	-	11.70	1.71			2.90	16.74	**16.31**
16	Imo	13.77	3.12	2.51	13.16	2.36			3.42	22.06	**18.95**
17	Jigawa	15.13	0.15	-	14.98	2.14			3.63	20.90	**20.75**
18	Kaduna	17.24	1.81	-	15.43	2.44			4.20	23.87	**22.07**
19	Kano	21.61	0.44	-	21.17	3.05			5.62	30.28	**29.84**
20	Katsina	16.43	0.67	-	15.76	2.32			4.03	22.78	**22.11**
21	Kebbi	13.74	0.24	-	13.51	1.94			3.21	18.89	**18.66**
22	Kogi	13.71	0.91	-	12.80	1.94			3.30	18.95	**18.04**
23	Kwara	12.49	0.10	-	12.39	1.77			2.93	17.19	**17.09**
24	Lagos	19.52	3.63	-	15.89	2.76			26.34	48.62	**44.99**
25	Nasarawa	11.71	1.48	-	10.22	1.65			2.69	16.05	**14.56**
26	Niger	15.99	2.17	-	13.82	2.26			3.39	21.63	**19.46**
27	Ogun	13.36	0.26	-	13.10	1.89			3.39	18.64	**18.39**
28	Ondo	12.81	0.78	7.52	19.55	3.25			3.27	26.85	**26.06**
29	Osun	12.67	0.26	-	12.41	1.79			3.25	17.71	**17.45**
30	Oyo	15.97	1.09	-	14.88	2.26			4.17	22.39	**21.30**
31	Plateau	13.41	0.60	-	12.80	1.89			3.18	18.49	**17.88**
32	Rivers	14.99	2.16	55.98	68.81	12.03			5.46	88.47	**86.30**
33	Sokoto	14.25	0.14	-	14.12	2.01			3.41	19.68	**19.54**
34	Taraba	13.50	0.05	-	13.45	1.91			2.86	18.27	**18.22**
35	Yobe	13.40	0.23	-	13.17	1.89			2.95	18.24	**18.01**
36	Zamfara	13.44	0.93	-	12.51	1.90			3.12	18.46	**17.53**
37	Disputed Deriv.			-	-	-				-	-
	Rivers/Akwa Disputed Fund			2.73	2.73	1.24				3.97	3.97
	TOTAL	**508.08**	**45.35**	**219.90**	**682.63**	**111.95**	**-**	**-**	**147.41**	**987.33**	**941.99**

S/N	States	First Half 2012 Gross Stat. Alloc.	Deductions	13% Derivation	Total Net Stat. Alloc.	Augmentation	Exchange Gain	Excess Crude 2/	NNPC Refund	SURE-P	VAT	Total Gross Alloc.	Total Net Alloc.
1	Abia	15.11	0.30	2.30	17.11	2.59	0.27	0.42	0.55	0.40	3.48	25.12	**24.82**
2	Adamawa	16.87	1.97	-	14.90	2.89	0.31	0.47	0.62	0.44	3.63	25.22	**23.25**
3	Akwa Ibom	17.06	6.17	99.61	110.50	2.92	0.31	0.47	0.61	0.45	4.44	125.88	**119.70**
4	Anambra	17.04	0.10	-	16.93	2.92	0.31	0.47	0.62	0.45	4.04	25.84	**25.74**
5	Bauchi	19.76	2.45	-	17.31	3.39	0.36	0.55	0.69	0.52	4.13	29.40	**26.94**
6	Bayelsa	13.52	14.53	69.26	68.26	2.32	0.24	0.38	0.48	0.36	3.29	89.85	**75.32**
7	Benue	18.21	2.31	-	15.90	3.12	0.33	0.51	0.66	0.48	4.08	27.40	**25.09**
8	Borno	20.10	1.37	-	18.73	3.44	0.36	0.56	0.70	0.53	4.05	29.75	**28.39**
9	Cross River	15.83	1.60	2.86	17.10	2.71	0.29	0.44	0.58	0.42	3.54	26.67	**25.07**
10	Delta	17.05	9.51	80.23	87.77	2.92	0.31	0.47	0.62	0.45	4.99	107.05	**97.54**
11	Ebonyi	13.98	3.65	-	10.34	1.92	0.25	0.39	0.52	0.37	3.34	20.77	**17.13**
12	Edo	15.92	3.98	6.90	18.84	3.20	0.29	0.44	0.61	0.42	4.01	31.79	**27.81**
13	Ekiti	14.11	2.94	-	11.17	2.42	0.26	0.39	0.52	0.37	3.35	21.41	**18.47**
14	Enugu	15.91	0.62	-	15.30	2.73	0.29	0.44	0.57	0.42	3.72	24.08	**23.47**
15	Gombe	14.96	3.14	-	11.82	2.30	0.27	0.42	0.53	0.39	3.35	22.22	**19.07**
16	Imo	16.99	2.75	4.04	18.28	3.17	0.31	0.47	0.61	0.45	3.93	29.97	**27.22**
17	Jigawa	18.66	1.04	-	17.63	3.20	0.34	0.52	0.67	0.49	4.10	27.98	**26.95**
18	Kaduna	21.27	1.82	-	19.45	3.64	0.39	0.59	0.75	0.56	4.97	32.18	**30.36**
19	Kano	26.66	1.95	-	24.71	4.57	0.48	0.74	0.92	0.70	6.47	40.54	**38.59**
20	Katsina	20.27	0.22	-	20.05	3.47	0.37	0.56	0.72	0.53	4.63	30.56	**30.34**
21	Kebbi	16.96	2.02	-	14.93	2.91	0.31	0.47	0.60	0.45	3.73	25.41	**23.39**
22	Kogi	16.92	1.21	-	15.71	2.90	0.31	0.47	0.60	0.45	3.82	25.46	**24.25**
23	Kwara	15.41	0.09	-	15.32	2.64	0.28	0.43	0.55	0.41	3.35	23.07	**22.98**
24	Lagos	24.08	3.77	-	20.31	4.13	0.44	0.67	0.87	0.63	30.01	60.82	**57.06**
25	Nasarawa	14.44	2.17	-	12.27	2.47	0.26	0.40	0.52	0.38	3.07	21.55	**19.38**
26	Niger	19.73	2.99	-	16.74	3.38	0.36	0.55	0.70	0.52	3.91	29.13	**26.15**
27	Ogun	16.49	0.13	-	16.36	2.82	0.30	0.46	0.59	0.43	3.95	25.04	**24.91**
28	Ondo	15.81	3.32	13.50	25.99	2.71	0.29	0.44	0.58	0.42	3.88	37.62	**34.30**
29	Osun	15.64	0.36	-	15.28	2.68	0.28	0.43	0.56	0.41	3.73	23.74	**23.38**
30	Oyo	19.70	0.64	-	19.05	3.38	0.36	0.55	0.70	0.52	4.60	29.80	**29.16**
31	Plateau	16.54	0.40	2.20	18.34	2.83	0.30	0.46	0.60	0.44	3.71	27.08	**26.68**
32	Rivers	18.49	1.58	88.99	105.89	3.17	0.33	0.51	0.66	0.49	5.74	118.38	**116.79**
33	Sokoto	17.59	1.03	-	16.56	3.01	0.32	0.49	0.63	0.46	3.88	26.39	**25.36**
34	Taraba	16.66	0.03	-	16.63	2.85	0.30	0.46	0.59	0.44	3.33	24.64	**24.61**
35	Yobe	16.53	0.57	-	15.96	2.83	0.30	0.46	0.58	0.44	3.37	24.51	**23.94**
36	Zamfara	16.58	3.59	-	12.99	2.84	0.30	0.46	0.60	0.44	3.70	24.91	**21.32**
37	Disputed Deriv.	-	-	0.05	0.05						-	0.05	**0.05**
	Rivers/Akwa Disputed Fund	-	-	0.01	0.01						-	0.01	**0.01**
	TOTAL	**626.86**	**86.33**	**369.95**	**910.48**	**107.40**	**11.35**	**17.44**	**22.45**	**16.53**	**169.32**	**1,341.30**	**1,254.97**

S/N	States	First Half 2013 Gross Stat. Alloc.	Deductions	13% Derivation	Total Net Stat. Alloc.	Augmentation	Exchange Gain	Excess Crude 2/	NNPC Refund	SURE-P	VAT	Total Gross Alloc.	Total Net Alloc.	Gross Stat. Alloc.
1	Abia	16.61	0.46	4.94	21.09	3.44	-	1.73	0.55	1.20	3.76	32.23	**31.76**	18.45
2	Adamawa	18.54	0.05	-	18.49	3.84	-	1.94	0.62	1.33	3.91	30.18	**30.12**	19.63
3	Akwa Ibom	18.76	4.93	121.52	135.35	3.88	-	1.96	0.61	1.35	4.74	152.82	**147.89**	19.81
4	Anambra	18.73	0.23	-	18.50	3.88	-	1.96	0.62	1.35	4.34	30.87	**30.64**	19.59
5	Bauchi	21.73	1.44	-	20.28	4.50	-	2.27	0.69	1.56	4.47	35.22	**33.78**	23.57
6	Bayelsa	14.88	11.43	95.92	99.36	3.08	-	1.55	0.48	1.07	3.76	120.74	**109.30**	17.44
7	Benue	20.03	2.12	-	17.90	4.15	-	2.09	0.66	1.44	4.27	32.64	**30.51**	22.10
8	Borno	22.10	0.20	-	21.89	4.58	-	2.31	0.70	1.59	4.25	35.52	**35.32**	24.48
9	Cross River	17.41	0.92	0.32	16.81	3.60	-	1.82	0.58	1.25	3.85	28.83	**27.91**	19.82
10	Delta	18.75	7.81	95.47	106.40	3.88	-	1.96	0.62	1.35	4.72	126.74	**118.92**	20.01
11	Ebonyi	15.37	2.93	-	12.45	3.18	-	1.60	0.52	1.11	3.54	25.33	**22.40**	17.63
12	Edo	17.50	3.49	9.35	23.36	3.62	-	1.83	0.61	1.26	4.14	38.31	**34.82**	18.43
13	Ekiti	15.51	2.22	-	13.29	3.21	-	1.62	0.52	1.12	3.62	25.59	**23.37**	17.62
14	Enugu	17.50	0.08	-	17.42	3.62	-	1.83	0.57	1.26	3.98	28.75	**28.68**	19.82
15	Gombe	16.45	2.43	-	14.01	3.41	-	1.72	0.53	1.18	3.58	26.86	**24.43**	18.56
16	Imo	18.68	2.22	5.09	21.56	3.87	-	1.95	0.61	1.34	4.27	35.81	**33.59**	20.49
17	Jigawa	20.52	0.36	-	20.16	4.25	-	2.14	0.67	1.48	4.47	33.53	**33.17**	22.04
18	Kaduna	23.38	1.94	-	21.45	4.84	-	2.44	0.75	1.68	5.17	38.27	**36.33**	25.82
19	Kano	29.31	0.58	-	28.73	6.07	-	3.06	0.92	2.11	6.92	48.38	**47.81**	31.26
20	Katsina	22.29	0.53	-	21.76	4.62	-	2.33	0.72	1.60	4.92	36.47	**35.94**	24.22
21	Kebbi	18.64	0.21	-	18.43	3.86	-	1.95	0.60	1.34	3.98	30.37	**30.15**	20.81
22	Kogi	18.60	0.09	-	18.51	3.85	-	1.94	0.60	1.34	3.97	30.29	**30.20**	21.78
23	Kwara	16.95	0.09	-	16.85	3.51	-	1.77	0.55	1.22	3.58	27.57	**27.48**	17.54
24	Lagos	26.47	8.93	-	17.54	5.48	-	2.76	0.87	1.90	32.69	70.18	**61.24**	26.40
25	Nasarawa	15.88	1.79	-	14.09	3.29	-	1.66	0.52	1.14	3.34	25.83	**24.04**	18.17
26	Niger	21.69	1.88	-	19.81	4.49	-	2.26	0.70	1.56	4.19	34.89	**33.01**	23.34
27	Ogun	18.12	0.11	-	18.01	3.75	-	1.89	0.59	1.30	4.20	29.86	**29.74**	18.31
28	Ondo	17.38	2.71	18.02	32.69	3.60	-	1.81	0.58	1.25	4.03	46.67	**43.96**	18.34
29	Osun	17.19	2.69	-	14.50	3.56	-	1.79	0.56	1.24	4.01	28.36	**25.67**	17.97
30	Oyo	21.66	0.38	-	21.28	4.48	-	2.26	0.70	1.56	4.97	35.64	**35.25**	22.10
31	Plateau	18.19	0.48	6.60	24.31	3.77	-	1.90	0.60	1.31	4.08	36.44	**35.96**	20.58
32	Rivers	20.33	0.80	104.06	123.59	4.21	-	2.12	0.66	1.46	7.01	139.87	**139.06**	21.25
33	Sokoto	19.34	0.26	-	19.08	4.00	-	2.02	0.63	1.39	4.19	31.57	**31.31**	21.72
34	Taraba	18.31	0.29	-	18.03	3.79	-	1.91	0.59	1.32	3.54	29.46	**29.17**	18.98
35	Yobe	18.18	0.11	-	18.07	3.76	-	1.90	0.58	1.31	3.57	29.29	**29.18**	19.57
36	Zamfara	18.23	0.37	-	17.86	3.78	-	1.90	0.60	1.31	4.01	29.83	**29.46**	19.61
37	Disputed Deriv.	-	-	0.05	0.05	-	-	-	-	-	-	0.05	**0.05**	-
	Rivers/Akwa Disputed Fund	-	-	0.01	0.01	-	-	-	-	-	-	0.01	**0.01**	-
	TOTAL	**689.20**	**67.60**	**461.36**	**1,082.96**	**142.71**	**-**	**71.94**	**22.45**	**49.58**	**182.00**	**1,619.25**	**1,551.65**	**747.23**

1/ Provisional

2/ Includes the share of Oil-producing states from the excess crude

Source: Federation Account Allocation, Federal Ministry of Finance

Table 25
Allocation to Local Governments from the Federation and VAT Pools Accounts
First Half, 2014
(Naira Billion)

First Half 2010

S/N	State	Fed. Acct.	Excess Crude	Budget Augmentation	Exchange Gain	NNPC Refunds	SURE-P	VAT	Total
1	Abia	6.75	1.65	1.55	0.15	-	-	1.66	**11.77**
2	Adamawa	8.09	2.13	1.99	0.19	-	-	2.00	**14.40**
3	Akwa-Ibom	11.02	2.81	2.63	0.25	-	-	2.98	**19.68**
4	Anambra	8.28	2.11	1.97	0.19	-	-	2.21	**14.77**
5	Bauchi	9.58	2.44	2.28	0.22	-	-	2.22	**16.74**
6	Bayelsa	3.52	0.90	0.84	0.08	-	-	0.91	**6.26**
7	Benue	9.74	2.48	2.32	0.22	-	-	2.30	**17.07**
8	Borno	11.19	2.85	2.67	0.26	-	-	2.58	**19.55**
9	Cross-River	6.95	1.77	1.66	0.16	-	-	1.75	**12.29**
10	Delta	9.19	2.34	2.19	0.21	-	-	2.78	**16.72**
11	Ebonyi	4.95	1.26	1.18	0.11	-	-	1.30	**8.82**
12	Edo	6.96	1.77	1.66	0.16	-	-	1.98	**12.54**
13	Ekiti	5.66	1.44	1.35	0.13	-	-	1.51	**10.09**
14	Enugu	6.71	1.71	1.60	0.15	-	-	1.77	**11.94**
15	Gombe	4.90	1.25	1.17	0.11	-	-	1.21	**8.64**
16	Imo	9.71	2.48	2.32	0.22	-	-	2.50	**17.23**
17	Jigawa	10.19	2.60	2.43	0.23	-	-	2.61	**18.06**
18	Kaduna	10.93	2.79	2.61	0.25	-	-	2.76	**19.33**
19	Kano	17.94	4.57	4.28	0.41	-	-	5.01	**32.21**
20	Katsina	13.12	3.34	3.13	0.30	-	-	3.34	**23.23**
21	Kebbi	8.15	2.08	1.94	0.19	-	-	2.01	**14.36**
22	Kogi	8.44	2.15	2.01	0.19	-	-	2.13	**14.93**
23	Kwara	6.48	1.65	1.55	0.15	-	-	1.54	**11.37**
24	Lagos	10.90	2.78	2.60	0.25	-	-	14.22	**30.75**
25	Nassarawa	5.19	1.32	1.24	0.12	-	-	1.22	**9.08**
26	Niger	10.52	2.68	2.51	0.24	-	-	2.40	**18.34**
27	Ogun	7.78	1.98	1.86	0.18	-	-	2.05	**13.84**
28	Ondo	7.18	1.83	1.71	0.16	-	-	1.89	**12.79**
29	Osun	9.79	2.50	2.33	0.22	-	-	2.60	**17.44**
30	Oyo	12.52	3.19	2.99	0.29	-	-	3.35	**22.33**
31	Plateau	7.16	1.83	1.71	0.16	-	-	1.76	**12.63**
32	Rivers	9.38	2.39	2.24	0.22	-	-	3.64	**17.87**
33	Sokoto	8.99	2.29	2.14	0.21	-	-	2.21	**15.85**
34	Taraba	7.16	1.83	1.71	0.16	-	-	1.49	**12.34**
35	Yobe	6.94	1.77	1.66	0.16	-	-	1.57	**12.10**
36	Zamfara	6.52	1.66	1.55	0.15	-	-	1.55	**11.44**
37	FCT Abuja	2.77	0.71	0.66	0.06	-	-	3.89	**8.09**
	TOTAL	**311.26**	**79.36**	**74.24**	**7.15**	**-**	**-**	**94.88**	**566.89**

First Half 2011

S/N	State	Fed. Acct.	Excess Crude	Budget Augmentation	Exchange Gain	NNPC Refunds	SURE-P	VAT	Total
1	Abia	8.17	-	1.15	-	-		1.79	**11.11**
2	Adamawa	10.51	-	1.49	-	-		2.16	**14.16**
3	Akwa-Ibom	13.86	-	1.96	-	-		3.39	**19.21**
4	Anambra	10.42	-	1.47	-	-		2.41	**14.30**
5	Bauchi	12.05	-	1.70	-	-		2.41	**16.17**
6	Bayelsa	4.43	-	0.63	-	-		1.02	**6.08**
7	Benue	12.25	-	1.73	-	-		2.51	**16.50**
8	Borno	14.08	-	1.99	-	-		2.79	**18.86**
9	Cross-River	8.75	-	1.24	-	-		1.88	**11.87**
10	Delta	11.57	-	1.63	-	-		2.98	**16.18**
11	Ebonyi	6.24	-	0.88	-	-		1.44	**8.55**
12	Edo	8.76	-	1.24	-	-		2.08	**12.08**
13	Ekiti	7.13	-	1.01	-	-		1.64	**9.77**
14	Enugu	8.44	-	1.19	-	-		1.93	**11.57**
15	Gombe	6.16	-	0.87	-	-		1.31	**8.34**
16	Imo	12.22	-	1.73	-	-		2.74	**16.69**
17	Jigawa	12.82	-	1.81	-	-		2.87	**17.51**
18	Kaduna	13.76	-	1.94	-	-		3.00	**18.69**
19	Kano	22.57	-	3.19	-	-		5.34	**31.10**
20	Katsina	16.50	-	2.33	-	-		3.62	**22.46**
21	Kebbi	10.25	-	1.45	-	-		2.19	**13.89**
22	Kogi	10.63	-	1.50	-	-		2.24	**14.37**
23	Kwara	8.16	-	1.15	-	-		1.66	**10.98**
24	Lagos	13.71	-	1.94	-	-		15.40	**31.05**
25	Nassarawa	6.53	-	0.92	-	-		1.30	**8.76**
26	Niger	13.23	-	1.87	-	-		2.59	**17.69**
27	Ogun	9.79	-	1.38	-	-		2.25	**13.42**
28	Ondo	9.04	-	1.28	-	-		2.03	**12.34**
29	Osun	12.32	-	1.74	-	-		2.82	**16.88**
30	Oyo	15.75	-	2.23	-	-		3.63	**21.60**
31	Plateau	9.02	-	1.27	-	-		1.91	**12.20**
32	Rivers	11.81	-	1.67	-	-		3.68	**17.15**
33	Sokoto	11.32	-	1.60	-	-		2.45	**15.37**
34	Taraba	9.01	-	1.27	-	-		1.62	**11.91**
35	Yobe	8.74	-	1.23	-	-		1.74	**11.71**
36	Zamfara	8.20	-	1.16	-	-		1.67	**11.03**
37	FCT Abuja	3.49	-	0.49	-	-		4.70	**8.68**
	TOTAL	**391.70**	**-**	**55.35**	**-**	**-**	**-**	**103.19**	**550.25**

First Half 2012

S/N	State	Fed. Acct.	Excess Crude	Budget Augmentation	Exchange Gain	NNPC Refunds	SURE-P	VAT	Total
1	Abia	10.08	0.28	1.73	0.18	0.36	0.27	2.07	**14.96**
2	Adamawa	12.97	0.36	2.22	0.23	0.48	0.34	2.47	**19.08**
3	Akwa-Ibom	17.10	0.48	2.93	0.31	0.58	0.45	3.74	**25.60**
4	Anambra	12.86	0.36	2.20	0.23	0.50	0.34	2.76	**19.25**
5	Bauchi	14.87	0.41	2.55	0.27	0.49	0.39	2.75	**21.74**
6	Bayelsa	5.47	0.15	0.94	0.10	0.19	0.14	1.22	**8.22**
7	Benue	15.12	0.42	2.59	0.27	0.55	0.40	2.94	**22.30**
8	Borno	17.38	0.48	2.98	0.31	0.61	0.46	3.23	**25.44**
9	Cross-River	10.80	0.30	1.85	0.20	0.40	0.28	2.19	**16.02**
10	Delta	14.27	0.40	2.45	0.26	0.53	0.38	3.61	**21.90**
11	Ebonyi	7.69	0.21	1.32	0.14	0.28	0.20	1.65	**11.50**
12	Edo	10.81	0.30	1.85	0.20	0.43	0.28	2.47	**16.34**
13	Ekiti	8.79	0.24	1.51	0.16	0.32	0.23	1.90	**13.15**
14	Enugu	10.42	0.29	1.78	0.19	0.37	0.27	2.23	**15.55**
15	Gombe	7.60	0.21	1.30	0.14	0.26	0.20	1.51	**11.23**
16	Imo	15.08	0.42	2.58	0.27	0.52	0.40	3.15	**22.42**
17	Jigawa	15.82	0.44	2.71	0.29	0.56	0.42	3.26	**23.49**
18	Kaduna	16.97	0.47	2.91	0.31	0.61	0.45	3.53	**25.25**
19	Kano	27.85	0.77	4.77	0.50	0.97	0.73	6.14	**41.75**
20	Katsina	20.36	0.57	3.49	0.37	0.73	0.54	4.16	**30.21**
21	Kebbi	12.65	0.35	2.17	0.23	0.45	0.33	2.54	**18.72**
22	Kogi	13.11	0.36	2.25	0.24	0.45	0.35	2.59	**19.34**
23	Kwara	10.07	0.28	1.73	0.18	0.37	0.27	1.90	**14.79**
24	Lagos	16.92	0.47	2.90	0.31	0.65	0.45	17.82	**39.51**
25	Nassarawa	8.06	0.22	1.38	0.15	0.29	0.21	1.49	**11.80**
26	Niger	16.33	0.45	2.80	0.30	0.58	0.43	2.98	**23.87**
27	Ogun	12.08	0.34	2.07	0.22	0.44	0.32	2.61	**18.08**
28	Ondo	11.15	0.31	1.91	0.20	0.40	0.29	2.41	**16.68**
29	Osun	15.20	0.42	2.60	0.28	0.58	0.40	3.24	**22.72**
30	Oyo	19.43	0.54	3.33	0.35	0.70	0.51	4.06	**28.93**
31	Plateau	11.12	0.31	1.91	0.20	0.39	0.29	2.22	**16.45**
32	Rivers	14.57	0.41	2.50	0.26	0.51	0.38	3.94	**22.57**
33	Sokoto	13.96	0.39	2.39	0.25	0.50	0.37	2.80	**20.67**
34	Taraba	11.12	0.31	1.90	0.20	0.39	0.29	1.89	**16.11**
35	Yobe	10.78	0.30	1.85	0.20	0.39	0.28	1.99	**15.78**
36	Zamfara	10.12	0.28	1.73	0.18	0.34	0.27	1.98	**14.91**
37	FCT Abuja	4.31	0.12	0.74	0.08	0.14	0.11	5.07	**10.56**
	TOTAL	**483.29**	**13.44**	**82.81**	**8.75**	**17.31**	**12.74**	**118.51**	**736.86**

First Half 2013 1/

S/N	State	Fed. Acct.	Excess Crude	Budget Augmentation	Exchange Gain	NNPC Refunds	SURE-P	VAT	Total
1	Abia	11.08	1.15	2.28	-	0.36	0.80	2.24	**17.90**
2	Adamawa	14.26	1.45	2.88	-	0.48	1.03	2.67	**22.76**
3	Akwa-Ibom	18.80	1.93	3.84	-	0.58	1.35	4.00	**30.51**
4	Anambra	14.13	1.46	2.90	-	0.50	1.02	2.96	**22.97**
5	Bauchi	16.35	1.66	3.29	-	0.49	1.18	2.98	**25.94**
6	Bayelsa	6.01	0.67	1.34	-	0.19	0.43	1.44	**10.09**
7	Benue	16.62	1.80	3.58	-	0.55	1.20	3.09	**26.84**
8	Borno	19.10	1.96	3.88	-	0.61	1.37	3.41	**30.33**
9	Cross-River	11.87	1.26	2.50	-	0.40	0.85	2.37	**19.27**
10	Delta	15.69	1.62	3.21	-	0.53	1.13	3.50	**25.68**
11	Ebonyi	8.46	0.93	1.85	-	0.28	0.61	1.75	**13.88**
12	Edo	11.88	1.24	2.45	-	0.43	0.85	2.55	**19.41**
13	Ekiti	9.67	0.98	1.95	-	0.32	0.70	2.05	**15.67**
14	Enugu	11.45	1.26	2.49	-	0.37	0.82	2.38	**18.78**
15	Gombe	8.36	0.86	1.71	-	0.26	0.60	1.62	**13.41**
16	Imo	16.58	1.69	3.34	-	0.52	1.19	3.40	**26.72**
17	Jigawa	17.40	1.77	3.51	-	0.56	1.25	3.54	**28.03**
18	Kaduna	18.66	1.99	3.95	-	0.61	1.34	3.69	**30.24**
19	Kano	30.62	3.17	6.29	-	0.97	2.20	6.58	**49.83**
20	Katsina	22.39	2.41	4.79	-	0.73	1.61	4.44	**36.37**
21	Kebbi	13.91	1.52	3.02	-	0.45	1.00	2.71	**22.61**
22	Kogi	14.41	1.57	3.12	-	0.45	1.04	2.71	**23.30**
23	Kwara	11.07	1.11	2.21	-	0.37	0.80	2.03	**17.59**
24	Lagos	18.60	1.90	3.76	-	0.65	1.34	19.27	**45.51**
25	Nassarawa	8.86	0.99	1.97	-	0.29	0.64	1.63	**14.37**
26	Niger	17.95	1.84	3.65	-	0.58	1.29	3.20	**28.51**
27	Ogun	13.28	1.31	2.60	-	0.44	0.96	2.78	**21.37**
28	Ondo	12.26	1.25	2.49	-	0.40	0.88	2.50	**19.78**
29	Osun	16.71	1.70	3.37	-	0.58	1.20	3.48	**27.04**
30	Oyo	21.37	2.14	4.25	-	0.70	1.54	4.38	**34.37**
31	Plateau	12.23	1.34	2.66	-	0.39	0.88	2.44	**19.95**
32	Rivers	16.02	1.66	3.30	-	0.51	1.15	4.70	**27.34**
33	Sokoto	15.35	1.68	3.32	-	0.50	1.10	3.02	**24.98**
34	Taraba	12.22	1.26	2.49	-	0.39	0.88	2.00	**19.24**
35	Yobe	11.85	1.26	2.50	-	0.39	0.85	2.11	**18.97**
36	Zamfara	11.13	1.14	2.26	-	0.34	0.80	2.15	**17.83**
37	FCT Abuja	4.73	0.50	1.00	-	0.14	0.34	5.62	**12.34**
	TOTAL	**531.34**	**55.46**	**110.02**	**-**	**17.31**	**38.23**	**127.40**	**879.76**

First Half 2014 2/

S/N	State	Fed. Acct.	Excess Crude	Budget Augmentation	Exchange Gain	NNPC Refunds	SURE-P	VAT	Total
1	Abia	11.96	-	-	-	0.24	0.80	2.42	**15.41**
2	Adamawa	15.08	-	-	-	0.32	1.03	2.84	**19.27**
3	Akwa-Ibom	20.09	-	-	-	0.39	1.35	3.92	**25.75**
4	Anambra	15.16	-	-	-	0.33	1.02	3.23	**19.74**
5	Bauchi	17.21	-	-	-	0.33	1.18	3.21	**21.93**
6	Bayelsa	7.01	-	-	-	0.13	0.43	1.47	**9.04**
7	Benue	18.73	-	-	-	0.37	1.20	3.35	**23.65**
8	Borno	20.34	-	-	-	0.40	1.37	3.68	**25.79**
9	Cross-River	13.11	-	-	-	0.27	0.85	2.58	**16.81**
10	Delta	16.80	-	-	-	0.36	1.13	3.66	**21.95**
11	Ebonyi	9.70	-	-	-	0.18	0.61	1.87	**12.36**
12	Edo	12.85	-	-	-	0.29	0.85	2.67	**16.67**
13	Ekiti	10.21	-	-	-	0.21	0.70	2.15	**13.26**
14	Enugu	13.06	-	-	-	0.24	0.82	2.56	**16.69**
15	Gombe	8.95	-	-	-	0.17	0.60	1.69	**11.41**
16	Imo	17.50	-	-	-	0.35	1.19	3.60	**22.64**
17	Jigawa	18.39	-	-	-	0.37	1.25	3.87	**23.88**
18	Kaduna	20.68	-	-	-	0.41	1.34	3.96	**26.39**
19	Kano	32.92	-	-	-	0.64	2.20	7.07	**42.84**
20	Katsina	25.06	-	-	-	0.48	1.61	4.82	**31.98**
21	Kebbi	15.82	-	-	-	0.30	1.00	2.96	**20.08**
22	Kogi	16.35	-	-	-	0.30	1.04	2.88	**20.56**
23	Kwara	11.57	-	-	-	0.25	0.80	2.17	**14.78**
24	Lagos	19.71	-	-	-	0.43	1.34	21.68	**43.16**
25	Nassarawa	10.32	-	-	-	0.19	0.64	1.75	**12.90**
26	Niger	19.10	-	-	-	0.39	1.29	3.44	**24.22**
27	Ogun	13.63	-	-	-	0.30	0.96	2.95	**17.83**
28	Ondo	13.02	-	-	-	0.27	0.88	2.66	**16.83**
29	Osun	17.63	-	-	-	0.39	1.20	3.79	**23.01**
30	Oyo	22.24	-	-	-	0.46	1.54	4.75	**28.99**
31	Plateau	13.94	-	-	-	0.26	0.88	2.57	**17.65**
32	Rivers	17.28	-	-	-	0.34	1.15	4.48	**23.25**
33	Sokoto	17.41	-	-	-	0.34	1.10	3.27	**22.12**
34	Taraba	13.05	-	-	-	0.26	0.88	2.15	**16.33**
35	Yobe	13.12	-	-	-	0.26	0.85	2.24	**16.47**
36	Zamfara	11.85	-	-	-	0.23	0.80	2.24	**15.12**
37	FCT Abuja	5.23	-	-	-	0.09	0.34	6.49	**12.16**
			-	-	-				
	TOTAL	**576.08**	**-**	**-**	**-**	**11.54**	**38.23**	**137.07**	**762.92**

Source: Federation Account Allocation, Federal Ministry of Finance.
1/ Revised
2/ Provisional
VAT: Value Added Tax
LGA: Local Governments Areas

Table 26
Domestic Debt of the Federal Government
First Half, 2014
(Naira Billion)

	First Half 2010	First Half 2011	First Half 2012	First Half 2013 1/	End-Dec 2013	First Half 2014 2/
1. Composition of Debt						
i Treasury Bills	901.02	1,561.42	2,084.59	2,483.29	2,581.55	2,735.87
ii Treasury Bonds	392.07	372.90	353.73	334.56	315.39	315.39
iii Development Stocks	0.22	0.00	0.00	0.00	0.00	0.00
iv FGN Bonds	2,408.43	3,276.11	3,714.55	4,032.90	4,222.04	4,369.84
v Promissory Note	63.03	0.00	0.00	0.00	0.00	0.00
Total	**3,764.76**	**5,210.44**	**6,152.87**	**6,850.75**	**7,118.98**	**7,421.10**
2. Holders						
i Banking System	2,690.50	3,917.38	3,824.81	3,928.45	3,762.69	4,694.35
a. Central Bank	311.80	313.32	439.62	243.74	468.86	466.83
b. Deposit Money Banks /3	2,378.70	3,604.06	3,385.19	3,684.71	3,293.83	4,227.52
ii Non-Bank Public	928.12	1,141.75	2,166.11	2,760.05	3,197.69	2,542.68
iii Sinking Fund	146.14	151.30	161.95	162.25	158.59	184.07
Total Debt Outstanding	**3,764.76**	**5,210.43**	**6,152.87**	**6,850.75**	**7,118.97**	**7,421.10**

Source: Debt Management Office
1/ Revised
2/ Provisional
3/ Includes holdings of Discount Houses

Table 27
Domestic Debt Service Payments of the Federal Government By Instruments
First Half, 2014
(Naira Billion)

	1st Half 2010	1st Half 2011	1st Half 2012	1st Half 2013	2nd Half 2013	1st Half 2014 1/
i Treasury Bills	14.23	73.38	173.60	170.34	85.11	173.08
ii Treasury Bonds	18.75	18.75	18.75	18.75	7.43	18.75
iv Development Stocks	0.33	0.23	-	-	-	-
v FGN Bonds	111.87	136.24	156.55	234.13	142.67	247.35
Total	**145.18**	**228.61**	**348.90**	**423.22**	**235.20**	**439.18**

Source: Debt Management Office
Note: Debt Service excludes sinking fund charges
1/ Provisional

Table 28
External Debt Outstanding
First Half, 2014
(US$ Million)

Holders	End-June 2010	End-June 2011	End-June 2012	End-June 2013	End-December 2013	End-June 2014 /1
1. Multilateral	3,860.68	4,563.39	4,950.66	5,538.70	6,275.21	6,730.45
2. Paris Club	-	-	-	-	-	-
3. London Club	-	-	-	-	-	-
4. Promissory Notes	-	-	-	-	-	-
5. Others 2/	409.03	834.65	1,085.00	1,381.40	2,546.61	2,646.66
Total Debt Outstanding	**4,269.71**	**5,398.04**	**6,035.66**	**6,920.10**	**8,821.82**	**9,377.11**

Table 28 Continued
External Debt Stock /1
First Half, 2014
(US$ Million)

Holders	End-June 2010	End-June 2011	End-June 2012	End-June 2013	End-December 2013	End-June 2014 /1
Federal	**4,269.71**	**5,398.04**	**6,035.66**	**6,920.10**	**6,005.80**	**6,363.90**
1. Multilateral	3,860.68	4,563.39	4,950.66	5,538.70	3,518.19	3,826.18
2. Others 2/	409.03	834.65	1,085.00	1,381.40	2,487.61	2,537.72
States and FCT	**-**	**-**	**-**	**-**	**2,816.02**	**3,013.22**
1. Multilateral	-	-	-	-	2,757.02	2,904.26
2. Others 2/	-	-	-	-	59.00	**108.95**
Total Consolidated Debt	**4,269.71**	**5,398.04**	**6,035.66**	**6,920.10**	**8,821.82**	**9,377.11**

Source: Debt Management Office (DMO)

1/ Provisional

2/ Includes Non-Paris Bilateral, Commercial debts and Euro bond

Table 29
External Debt Service Payments
First Half, 2014
(US$ Billion)

	First Half 2010	First Half 2011	First Half 2012	First Half 2013 /1	Second Half 2013	First Half 2014 2/
London Club	-	-	-	-	-	-
Paris Club	-	-	-	-	-	-
Multilateral	**113.40**	**95.51**	**63.81**	**70.91**	**24.70**	**82.43**
(i) I. B. R.D.	43.74	27.82	6.89	-	-	-
(ii) E. I. B.	-	-	-	-	-	-
(iii) A.D.B. & Others	69.66	67.69	56.92	70.91	24.70	82.43
Promissory Notes	-	-	-	-	-	-
Others 3/	64.20	80.96	88.35	79.17	25.45	95.75
Total	**177.60**	**176.47**	**152.16**	**150.08**	**50.15**	**178.18**

Source: Debt Management Office
1/ Revised
2/ Provisional
3/ Also includes Oil Warrant, Euro Bond, Non-Paris Bilateral and Non-Paris Commercial Debts

Table 30
Consolidated Debt Outstanding /1
First Half, 2014
(Naira Billion)

Holders	End-June 2010	End-June 2011	End-June 2012	End-June 2013	End-December 2013	End-June 2014
External Debt	**640.41**	**827.56**	**950.61**	**1,088.58**	**1,373.57**	**1,460.30**
Federal	640.41	827.56	950.61	1,088.58	935.11	991.05
States and FCT	-	-	-	-	438.45	469.25
Domestic Debt	**3,764.76**	**5,210.44**	**6,152.87**	**6,850.75**	**7,118.98**	**7,421.10**
Federal	3,764.76	5,210.44	6,152.87	6,850.75	7,118.98	7,421.10
Total Consolidated Debt	**4,405.18**	**6,038.00**	**7,103.48**	**7,939.33**	**8,492.55**	**8,881.40**

Table 30 Continued
Consolidated Debt Service Payment /1
First Half, 2014
(Naira Billion)

Holders	End-June 2010	End-June 2011	End-June 2012	End-June 2013	End-December 2013	End-June 2014
External Debt	177.60	176.47	23.94	23.61	7.89	28.03
Domestic Debt	145.18	228.61	348.90	423.22	235.20	439.18
Total Consolidated Debt	**322.78**	**405.08**	**372.84**	**446.83**	**243.09**	**467.21**

Source: Debt Management Office (DMO)

1/ Provisional

Table 32
Gross Domestic Product at 2010 Constant Basic Prices /1
(Naira Billion unless otherwise stated)

Activity Sector	First Half 2012	First Half 2013 /2	First Half 2014 2/	Share of Total GDP (Per Cent)		
				First Half 2012	First Half 2013 /2	First Half 2014 2/
1. Agriculture	**5,965.90**	**6,116.03**	**6,394.42**	**21.13**	**20.64**	**20.28**
(a) Crop Production	5,287.53	5,388.69	5,627.04	18.72	18.19	17.85
(b) Livestock	459.83	490.42	515.37	1.63	1.66	1.63
(c) Forestry	69.53	73.62	77.85	0.25	0.25	0.25
(d) Fishing	149.00	163.29	174.17	0.53	0.55	0.55
2. Industry	**6,558.68**	**6,503.08**	**6,886.47**	**23.23**	**21.95**	**21.85**
(a) Crude Petroleum & Natural Gas	4,177.52	3,602.43	3,558.05	14.79	12.16	11.29
(b) Solid Minerals	33.02	38.44	45.12	0.12	0.13	0.14
(c) Manufacturing	2,348.15	2,862.22	3,283.30	8.32	9.66	10.42
3. Construction	**1,018.34**	**1,160.50**	**1,322.85**	**3.61**	**3.92**	**4.20**
4. Trade	**4,801.83**	**5,085.72**	**5,376.27**	**17.00**	**17.16**	**17.05**
5. Services	**9,893.80**	**10,766.85**	**11,543.29**	**35.04**	**36.33**	**36.62**
(a) Transport	326.28	339.25	351.05	1.16	1.14	1.11
(b) Information and Communication	3,093.52	3,333.06	3,579.50	10.95	11.25	11.36
(c) Utilities	177.26	196.38	189.15	0.63	0.66	0.60
(d) Accommodation and Food Services	135.41	228.37	282.12	0.48	0.77	0.89
(e) Finance & Insurance	882.84	959.31	1,035.35	3.13	3.24	3.28
(f) Real Estate	1,968.18	2,212.39	2,303.72	6.97	7.47	7.31
(g) Professional, Scientific & Technical Services	1,005.16	1,027.77	1,091.53	3.56	3.47	3.46
(h) Administrative and Support Services Bussiness Servic	6.50	6.73	6.68	0.02	0.02	0.02
(i) Public Administration	895.15	881.25	915.64	3.17	2.97	2.90
(j) Education	473.78	542.95	582.10	1.68	1.83	1.85
(k) Human Health & Social Services	204.56	218.77	228.84	0.72	0.74	0.73
(l) Arts, Entertainment & Recreation	51.23	58.83	67.32	0.18	0.20	0.21
(m) Other Services	673.94	761.78	910.29	2.39	2.57	2.89
TOTAL (GDP)	**28,238.55**	**29,632.18**	**31,523.30**	**100.00**	**100.00**	**100.00**
NON-OIL (GDP)	**24,061.03**	**26,029.75**	**27,965.26**	**85.21**	**87.84**	**88.71**
TOTAL GDP GROWTH RATE (%)	**3.79**	**4.94**	**6.38**			
OIL GDP GROWTH RATE (%)	**(9.19)**	**(13.77)**	**(1.23)**			
NON-OIL GDP GROWTH RATE (%)	**6.43**	**8.18**	**7.44**			
Growth in Total GDP						
Agriculture (%)	6.36	2.52	4.55			
Industry (%)	(0.96)	(0.85)	5.90			
Construction (%)	24.17	13.96	13.99			
Trade (%)	1.61	5.91	5.71			
Services (%)	4.90	8.82	7.21			

Source: National Bureau of Statistics
1/ Revised
2/ Provisional

Table 33
Gross Domestic Product at Current Basic Prices /1
(Naira Billion unless otherwise stated)

Activity Sector	First Half 2012	First Half 2013 /2	First Half 2014 2/	Share of Total GDP (Per Cent)		
				First Half 2012	First Half 2013 /2	First Half 2014 2/
1. Agriculture	**6,417.37**	**6,797.24**	**7,225.24**	**18.77**	**17.78**	**17.24**
(a) Crop Production	5,589.70	5,864.29	6,173.67	16.35	15.34	14.73
(b) Livestock	582.89	655.92	736.22	1.70	1.72	1.76
(c) Forestry	81.10	89.35	98.77	0.24	0.23	0.24
(d) Fishing	163.69	187.69	216.58	0.48	0.49	0.52
2. Industry	**8,499.02**	**8,660.49**	**9,530.21**	**24.86**	**22.66**	**22.74**
(a) Crude Petroleum & Natural Gas	5,735.58	5,083.90	5,245.39	16.77	13.30	12.52
(b) Solid Minerals	33.18	39.20	47.37	0.10	0.10	0.11
(c) Manufacturing	2,730.26	3,537.38	4,237.45	7.98	9.25	10.11
3. Construction	**1,112.74**	**1,358.09**	**1,625.22**	**3.25**	**3.55**	**3.88**
4. Trade	**6,100.80**	**7,043.20**	**7,431.15**	**17.84**	**18.42**	**17.73**
5. Services	**12,064.06**	**14,367.62**	**16,092.79**	**35.28**	**37.59**	**38.40**
(a) Transport	420.36	475.68	550.71	1.23	1.24	1.31
(b) Information and Communication	3,795.02	4,462.88	4,986.20	11.10	11.67	11.90
(c) Utilities	204.00	274.25	279.71	0.60	0.72	0.67
(d) Accommodation and Food Services	152.19	304.84	355.21	0.45	0.80	0.85
(e) Finance & Insurance	1,045.14	1,229.69	1,431.02	3.06	3.22	3.41
(f) Real Estate	2,498.22	3,006.07	3,278.91	7.31	7.86	7.82
(g) Professional, Scientific & Technical Services	1,252.38	1,394.69	1,558.71	3.66	3.65	3.72
(h) Administrative and Support Services Bussiness Servic	7.65	8.45	9.24	0.02	0.02	0.02
(i) Public Administration	1,051.79	1,127.86	1,265.91	3.08	2.95	3.02
(j) Education	537.16	643.59	738.40	1.57	1.68	1.76
(k) Human Health & Social Services	224.74	261.15	291.62	0.66	0.68	0.70
(l) Arts, Entertainment & Recreation	60.31	73.96	90.25	0.18	0.19	0.22
(m) Other Services	815.09	1,104.52	1,256.90	2.38	2.89	3.00
TOTAL (GDP)	**34,193.99**	**38,226.65**	**41,904.61**	**100.00**	**100.00**	**100.00**
NON-OIL (GDP)	**28,458.41**	**33,142.75**	**36,659.21**	**83.23**	**86.70**	**87.48**
TOTAL GDP GROWTH RATE (%)	**15.69**	**11.79**	**9.62**			
OIL GDP GROWTH RATE (%)	**0.38**	**(11.36)**	**3.18**			
NON-OIL GDP GROWTH RATE (%)	**19.36**	**16.46**	**10.61**			
Growth in Total GDP						
Agriculture (%)	11.24	5.92	6.30			
Industry (%)	8.00	1.90	10.04			
Construction (%)	28.48	22.05	19.67			
Trade (%)	20.58	15.45	5.51			
Services (%)	20.73	19.09	12.01			

Source: National Bureau of Statistics
1/ Revised
2/ Provisional

Table 34
Selected Real Sector Indicators
(Per cent, except otherwise indicated)

Item	2010 First Half	2011 First Half	2012 First Half	2013 /1 First Half	2014 /2 First Half
Agricultural Production Index (1990 = 100)					
Aggregate	228.0	240.8	250.7	257.0	271.1
Crops	267.5	282.2	292.9	298.5	314.6
Staples	290.9	307.2	319.8	325.9	343.8
Other Crops	198.9	209.8	218.2	236.5	246.7
Livestock	160.7	171.1	181.5	193.7	204.5
Fishery	109.3	115.9	122.9	134.7	146.0
Forestry	171.6	181.0	191.7	203.0	216.2
Indices of Average World Prices of Nigeria's Major Agricultural Export Commodities (1990 = 100) (Dollar Based)					
All Commodities	435.9	448.8	331.2	312.9	408.9
Cocoa	470.8	464.3	334.5	326.8	436.8
Coffee	235.3	396.6	280.0	206.8	268.1
Cotton	103.5	235.5	295.2	110.2	112.6
Palm Oil	240.6	362.3	369.3	240.2	250.7
Copra	258.7	591.2	280.0	241.9	395.3
Soya Bean	142.3	203.9	200.5	217.1	210.2
GROWTH RATE OVER THE PRECEDING PERIOD (%)					
Agricultural Production Index (1990 = 100)					
Aggregate	5.9	5.6	4.1	2.5	5.5
Crops	5.8	5.5	3.8	1.9	5.4
Staples	5.9	5.6	4.1	1.9	5.5
Other Crops	5.7	5.5	4.0	8.4	4.3
Livestock	6.4	6.4	6.1	6.7	5.6
Fishery	8.5	6.1	6.0	9.6	8.4
Forestry	4.2	5.5	5.9	5.9	6.5
Indices of Average World Prices of Nigeria's Major Agricultural Export Commodities (1990 = 100) (Dollar Based)					
All Commodities	25.7	3.0	-26.2	-5.5	30.7
Cocoa	26.0	-1.4	-28.0	-2.3	33.7
Coffee	23.5	68.5	-29.4	-26.1	29.6
Cotton	49.3	127.6	25.4	-62.7	2.2
Palm Oil	23.0	50.6	1.9	-34.9	4.4
Copra	24.1	128.5	-52.6	-13.6	63.4
Soya Bean	-7.5	43.3	-1.6	8.3	-3.2
Industrial Production Index (1990 = 100)					
Industrial Production Index	**121.0**	**128.8**	**136.3**	**137.5**	**140.1**
Manufacturing Production Index	93.5	98.9	106.1	108.5	114.2
Mining Production Index	129.8	140.6	146.3	146.4	145.6
Electricity Production Index	205.8	202.7	206.3	206.4	208.2
Capacity Utilization Rate (%)	54.9	57.0	57.0	57.6	59.3
Inflation Rate (12-Month Moving Average)	13.1	12.3	11.3	10.4	8.0
Inflation Rate (Year-on-Year)	14.1	10.2	12.9	8.4	8.2
Food Inflation Rate (Year-on-Year)	15.1	9.2	12.0	9.6	9.8
Non-Food Inflation Rate (Year-on-Year)	12.7	11.5	12.7	5.5	8.1

1/Revised
2/Provisional

Table 34 cont'd
Selected Real Sector Indicators
(Per cent, except otherwise indicated)

Item	2012		2013 1/		2014 2/	Absolute Change Between		Percentage Change Between	
	First Half	Second Half	First Half (1)	Second Half (2)	First Half (3)	(1) & (3)	(2) & (3)	(1) & (3)	(2) & (3)
World Crude Oil Production									
million barrels per day (mbd)									
OPEC	37.11	36.81	36.36	35.94	35.90	-0.46	-0.04	-1.27	-0.11
Crudes	31.49	30.94	30.12	29.71	29.62	-0.50	-0.09	-1.66	-0.30
NGLs and condensates	5.62	5.87	6.24	6.23	6.28	0.04	0.05	0.64	0.80
Total non-OPEC	52.94	53.03	52.97	54.98	56.45	3.48	1.47	6.57	2.67
Total World Supply	90.05	89.84	**89.33**	**90.92**	**92.35**	**3.02**	**1.43**	**3.38**	**1.57**
Demand									
OECD	45.95	46.27	45.68	46.38	45.59	-0.09	-0.79	-0.20	-1.70
Non-OECD	42.02	43.34	44.04	44.88	45.34	1.30	0.46	2.95	1.02
Total World Demand	87.97	89.61	**89.72**	**91.26**	**90.93**	**1.21**	**-0.33**	**1.35**	**-0.36**
Nigeria									
Output	2.09	2.10	1.99	1.88	1.91	-0.08	0.03	-4.02	1.60
Exports	1.64	1.65	1.54	1.43	1.46	-0.08	0.03	-5.19	2.10
Domestic Consumption	0.45	0.45	0.45	0.45	0.45	0.00	0.00	0.00	0.00
Average Spot Price of Selected Crude Oil at the International Oil Market (US$)									
UK Brent	113.73	110.89	108.50	110.63	109.38	0.88	-1.25	0.81	-1.13
West Texas Intermediate (WTI)	95.06	86.68	92.52	100.17	97.40	4.88	-2.77	5.27	-2.77
Bonny Light	115.05	111.89	110.29	111.91	111.29	1.00	-0.62	0.91	-0.55
Forcados	116.80	113.12	111.68	113.40	112.26	0.58	-1.14	0.52	-1.01
OPEC Basket	112.52	107.25	105.09	106.56	105.30	0.21	-1.26	0.20	-1.18
Gas Activities									
(MMm^3)									
Gas Produced	33.95	30.73	28.98	34.35	36.43	7.45	2.09	25.70	6.07
Gas sold to Industries									
Gas sold for LNG									
Gas used as Fuel									
Gas Reinjected									
Gas Lift									
Gas Converted to NGLs									
Total Gas Utilised	27.92	25.66	22.77	27.76	29.62	6.86	1.86	30.12	6.71
Gas Utilised as % of Gas Produced	82.23	83.50	78.55	80.82	81.31	2.76	0.49	3.52	0.61
Gas Flared	6.03	5.07	6.22	6.59	6.81	0.59	0.22	9.52	3.37
Gas Flared as % Gas Produced	17.77	16.50	21.45	19.18	18.69	-2.76	-0.49	-12.87	-2.55

Sources: OPEC, NNPC, Reuters & CBN Estimates

1/ Revised

2/ Provisional

Table 35
Composite Consumer Price Index
(November 2009=100)

Year & Month	All Item (Headline)				All Items less Farm Produce (Core)			Food		
	Monthly Index	Inflation y-o-y(%)	12-Month Average Index	Inflation 12-Month Average(%)	Monthly Index	Inflation y-o-y(%)	Inflation 12-Month Average(%)	Monthly Index	Inflation y-o-y(%)	Inflation 12-Month Average(%)
2010										
January	103.1	14.4	96.9	12.6	102.1	12.1	9.6	103.7	15.9	14.7
February	105.0	15.6	98.0	12.7	104.5	14.0	10.1	104.8	16.2	14.4
March	104.9	14.8	99.2	12.8	104.1	13.2	10.3	105.3	15.8	14.4
April	105.7	15.0	100.3	12.9	104.4	12.8	10.4	106.6	16.3	14.5
May	105.7	12.9	101.3	12.9	105.2	11.7	10.6	105.7	13.0	14.3
June	108.8	14.1	102.4	13.1	107.4	12.7	10.9	110.0	15.1	14.4
July	109.9	13.0	103.5	13.3	107.7	11.3	11.2	111.6	14.0	14.5
August	111.9	13.7	104.6	*13.5*	109.3	12.4	11.5	113.8	15.1	14.7
September	112.4	13.6	105.7	13.8	110.7	12.8	12.0	114.0	14.6	14.9
October	112.7	13.4	106.9	13.9	111.9	13.2	12.3	114.0	14.1	14.9
November	112.8	12.8	107.9	13.9	111.7	11.7	12.4	114.4	14.4	15.0
December	114.2	11.8	108.9	13.7	112.6	10.9	12.4	115.4	12.7	14.7
2011										
January	115.6	12.1	110.0	13.5	114.5	12.1	12.4	114.3	10.3	14.2
February	116.7	11.1	110.9	13.2	115.5	10.6	12.1	117.7	12.2	13.9
March	118.3	12.8	112.1	13.0	117.5	12.8	12.1	118.1	12.2	13.6
April	117.7	11.3	113.0	12.7	117.9	12.9	12.1	119.0	11.6	13.2
May	118.7	12.4	114.1	12.6	118.9	13.0	12.2	118.5	12.2	13.2
June	119.9	10.2	115.1	12.3	119.8	11.5	12.1	120.1	9.2	12.7
July	120.3	9.4	115.9	12.0	120.1	11.5	12.1	120.4	7.9	12.1
August	122.3	9.3	116.8	11.6	121.2	10.9	12.0	123.7	8.7	11.6
September	124.0	10.3	117.8	11.4	123.5	11.6	11.9	124.8	9.5	11.2
October	124.6	10.5	118.8	11.1	124.8	11.5	11.7	125.0	9.7	10.8
November	124.7	10.5	119.7	11.0	124.6	11.5	11.7	125.4	9.6	10.4
December	126.0	10.3	120.7	10.8	124.8	10.8	11.7	128.1	11.0	10.3
2012										
January	130.2	12.6	121.9	10.9	129.1	12.7	11.8	129.3	13.1	10.5
February	130.5	11.9	123.1	11.0	129.3	11.9	11.9	129.1	9.7	10.3
March	132.6	12.1	124.3	10.9	135.1	15.0	12.1	132.1	11.8	10.3
April	132.8	12.9	125.5	11.1	135.2	14.7	12.2	132.3	11.2	10.3
May	133.8	12.7	126.8	11.1	136.7	14.9	12.4	133.9	12.9	10.4
June	135.3	12.9	128.1	11.3	138.0	15.2	12.7	134.5	12.0	10.6
July	135.7	12.8	129.4	11.6	138.1	15.0	13.0	135.0	12.1	11.0
August	136.6	11.7	130.6	11.8	139.0	14.7	13.3	135.9	9.9	11.1
September	138.0	11.3	131.7	11.9	139.7	13.1	13.5	137.5	10.2	11.1
October	139.2	11.7	132.9	11.9	140.3	12.4	13.5	138.8	11.1	11.2
November	140.0	12.3	134.2	12.1	140.9	13.1	13.6	139.8	11.6	11.4
December	141.1	12.0	135.5	12.2	141.8	13.7	13.9	141.2	10.2	11.3
2013										
January	141.9	9.0	136.5	11.9	143.8	11.3	13.7	142.3	10.1	11.1
February	143.0	9.5	137.5	11.7	143.8	11.2	13.7	143.3	11.0	11.2
March	144.0	8.6	138.4	11.4	144.8	7.2	13.0	144.6	9.5	11.0
April	144.8	9.1	139.4	11.1	144.5	6.9	12.3	145.6	10.0	10.8
May	145.8	9.0	140.4	10.8	145.2	6.2	11.5	146.4	9.3	10.5
June	146.6	8.4	141.4	10.4	145.5	5.5	10.7	147.5	9.6	10.4
July	147.4	8.7	142.4	10.0	147.2	6.6	10.0	148.4	10.0	10.2
August	147.8	8.2	143.3	9.8	149.1	7.2	9.4	149.2	9.7	10.2
September	148.9	8.0	144.2	9.5	150.0	7.4	8.9	150.4	9.4	10.1
October	150.0	7.8	145.1	9.2	150.9	7.6	8.6	151.6	9.2	10.0
November	151.1	7.9	146.1	8.8	151.8	7.8	8.1	152.9	9.3	9.8
December	152.3	8.0	147.0	8.5	153.0	7.9	7.7	154.3	9.3	9.7
2014										
January	153.3	8.0	147.9	8.4	153.3	6.6	7.3	155.5	9.3	9.6
February	154.0	7.7	148.8	8.3	154.1	7.2	7.0	156.5	9.2	9.5
March	155.2	7.8	149.8	8.2	154.7	6.8	7.0	158.0	9.3	9.5
April	156.2	7.9	150.7	8.1	155.3	7.5	7.0	159.3	9.4	9.4
May	157.4	8.0	151.7	8.0	156.3	7.7	7.2	160.6	9.7	9.4
June	158.6	8.2	152.7	8.0	157.4	8.1	7.4	161.9	9.8	9.5

Source: National Bureau of Statistics (NBS)

Table 36
Urban and Rural Consumer Price Index
(November 2009=100)

Year & Month	Urban						Rural					
	All Items (Headline) Monthly Index	Headline Inflation y-o-y(%)	All Items less Farm Produce (Core) Monthly Index	Core Inflation y-o-y(%)	Food Monthly Index	Food Inflation y-o-y(%)	All Items (Headline) Monthly Index	Headline Inflation y-o-y(%)	All Items less Farm Produce (Core) Monthly Index	Core Inflation y-o-y(%)	Food Monthly Index	Food Inflation y-o-y(%)
2010												
January	102.6	10.5	102.5	6.1	102.8	13.6	103.6	16.5	101.9	15.1	104.4	17.2
February	104.4	11.6	105.4	9.4	102.9	11.9	105.6	17.9	103.8	16.0	106.4	18.8
March	106.0	12.9	105.7	9.6	106.1	14.9	104.0	15.3	102.8	14.4	104.6	15.6
April	105.9	12.2	105.4	8.3	106.3	14.9	105.6	16.4	103.6	14.8	106.8	16.9
May	103.8	8.5	103.7	5.6	103.8	10.4	107.2	15.8	106.5	15.4	107.2	14.9
June	107.7	10.8	107.0	8.3	108.5	12.7	109.6	16.1	107.8	15.0	111.2	16.6
July	109.1	10.3	107.9	8.5	110.4	12.2	110.7	14.6	107.6	12.6	112.6	15.3
August	110.5	10.9	109.0	9.3	112.8	13.6	113.0	15.6	109.6	14.0	114.7	16.1
September	110.6	10.9	109.4	10.0	112.6	12.8	113.8	15.6	111.7	14.7	115.1	15.8
October	111.2	11.5	110.0	10.2	113.5	13.9	114.0	15.0	113.5	15.3	114.4	14.4
November	111.7	11.7	111.3	11.3	112.8	12.8	113.6	13.6	112.1	12.1	115.7	15.7
December	112.2	10.7	111.2	9.7	113.4	11.6	115.9	12.7	113.8	11.9	117.1	13.6
2011												
January	110.7	7.9	108.5	5.9	111.7	8.6	119.7	15.6	119.5	17.3	116.5	11.6
February	114.2	9.4	114.1	8.3	115.5	12.2	118.8	12.5	116.7	12.5	119.4	12.2
March	115.0	8.5	114.9	8.6	116.0	9.3	121.1	16.4	119.6	16.4	119.9	14.6
April	115.5	9.1	116.3	10.3	116.4	9.5	119.4	13.1	119.2	15.1	121.1	13.4
May	115.8	11.5	116.8	12.7	116.7	12.4	121.2	13.0	120.6	13.3	120.1	12.0
June	116.6	8.3	116.6	9.0	118.0	8.7	122.6	11.8	122.4	13.6	121.9	9.6
July	116.3	6.6	116.8	8.2	118.0	6.9	123.6	11.7	122.8	14.2	122.4	8.6
August	118.3	7.1	118.7	8.9	119.9	6.3	125.6	11.1	123.3	12.5	126.9	10.6
September	120.0	8.4	121.3	10.9	120.7	7.2	127.4	11.9	125.3	12.1	128.2	11.4
October	119.9	7.8	121.2	10.2	120.9	6.6	128.6	12.8	127.8	12.7	128.4	12.2
November	120.0	7.4	121.1	8.8	120.8	7.2	128.6	13.1	127.4	13.6	129.1	11.6
December	122.3	9.0	122.0	9.7	124.5	9.8	129.0	11.3	127.1	11.7	131.1	12.0
2012												
January	128.9	16.4	128.2	18.2	125.5	12.3	131.3	9.7	129.9	8.7	132.4	13.6
February	129.2	13.1	128.4	12.5	126.3	9.3	131.6	10.9	130.0	11.4	131.8	10.3
March	130.7	13.7	132.6	15.4	129.1	11.3	134.4	11.0	137.1	14.7	134.9	12.5
April	131.1	13.4	133.0	14.4	129.4	11.2	134.4	12.5	137.0	15.0	135.0	11.5
May	132.1	14.1	134.0	14.7	131.1	12.4	135.4	11.7	138.9	15.1	136.5	13.7
June	134.1	15.0	135.8	16.5	131.4	11.4	136.5	11.4	139.8	14.2	137.4	12.7
July	134.5	15.6	135.5	16.0	131.7	11.6	136.9	10.7	140.4	14.3	138.0	12.8
August	135.4	14.5	136.7	15.2	132.5	10.6	137.8	9.7	140.9	14.3	139.1	9.6
September	137.0	14.2	137.7	13.5	134.2	11.2	139.0	9.1	141.3	12.8	140.6	9.6
October	138.2	15.3	138.3	14.1	135.3	11.9	140.2	9.1	141.9	11.0	142.0	10.6
November	139.0	15.8	138.9	14.7	136.2	12.7	141.1	9.8	142.5	11.8	143.2	10.9
December	140.0	14.5	139.8	14.6	137.6	10.5	142.1	10.2	143.5	13.0	144.5	10.2
2013												
January	140.8	9.2	142.3	11.0	138.6	10.5	143.2	9.1	144.9	11.6	145.7	10.0
February	142.0	9.8	142.3	10.9	139.9	10.8	144.1	9.5	144.9	11.5	146.4	11.1
March	142.8	9.3	142.0	7.1	140.7	9.0	145.3	8.1	147.1	7.2	148.2	9.9
April	143.7	9.7	142.6	7.2	142.0	9.7	146.4	8.9	146.5	6.9	149.2	10.5
May	144.5	9.4	142.7	6.5	142.7	8.9	147.1	8.6	147.2	6.0	149.8	9.7
June	145.5	8.4	143.1	5.4	143.9	9.5	147.9	8.3	147.6	5.6	150.8	9.7
July	146.3	8.8	145.4	7.3	145.0	10.1	148.6	8.6	148.8	6.0	151.7	10.0
August	146.8	8.4	147.7	8.0	145.8	10.0	148.9	8.1	150.2	6.6	152.3	9.5
September	147.9	8.0	147.7	7.3	147.1	9.6	150.0	8.0	151.9	7.5	153.6	9.3
October	149.1	7.9	148.6	7.5	148.3	9.6	151.1	7.8	152.8	7.7	154.8	9.0
November	150.2	8.1	149.4	7.6	149.6	9.8	152.2	7.8	153.8	7.9	156.0	8.9
December	151.4	8.1	150.4	7.6	151.0	9.8	153.3	7.9	155.2	8.1	157.4	8.9
2014												
January	152.2	8.2	150.7	5.8	152.3	9.8	154.4	7.8	155.5	7.3	158.6	8.8
February	153.0	7.8	151.6	6.5	153.2	9.5	155.1	7.7	156.1	7.7	159.5	9.0
March	154.2	7.9	152.1	7.1	154.7	10.0	156.4	7.6	156.8	6.6	161.2	8.7
April	155.1	7.9	152.6	7.0	156.1	9.9	157.3	7.5	157.6	7.5	162.3	8.8
May	156.4	8.2	153.6	7.7	157.4	10.3	158.5	7.8	158.6	7.7	163.6	9.2
June	157.6	8.4	154.6	8.0	158.8	10.3	159.7	8.0	159.7	8.2	164.9	9.3

Source: National Bureau of Statistics (NBS)

Table 37
Balance of Payments Analytic Presentation
(US$ Million)

	1st Half 2013 /1	2nd Half 2013 /1	1st Half 2014 /2
CURRENT ACCOUNT	**11,149.42**	**8,998.77**	**6,136.80**
Goods	**23,491.39**	**20,275.69**	**17,613.41**
Exports (fob)	49,169.95	45,948.10	45,787.80
Oil and Gas	46,602.41	43,972.28	43,739.50
Non-oil	2,567.54	1,975.82	2,048.30
Imports (fob)	(25,678.56)	(25,672.42)	(28,174.39)
Oil	(8,977.21)	(6,166.21)	(6,685.68)
Non-oil	(16,701.35)	(19,506.21)	(21,488.71)
Unrecorded(TPAdj)	-	-	-
Services(net)	**(9,802.23)**	**(10,306.58)**	**(11,835.84)**
Credit	1,043.44	1,372.36	1,034.04
Transportation	460.02	648.25	425.97
Travel	274.76	267.63	275.15
Insurance Services	2.13	1.99	19.35
Communication Services	24.24	27.84	26.64
Construction Services	-	-	-
Financial Services	10.53	11.67	6.73
Computer & information Services	-	-	-
Royalties and License Fees	-	-	-
Government Services	241.91	241.75	242.03
Personal, cultural & recreational services	-	-	-
Other Bussiness Services	29.85	173.24	38.17
Debit	(10,845.67)	(11,678.95)	(12,869.88)
Transportation	(4,392.64)	(4,191.87)	(4,149.84)
Travel	(2,554.80)	(3,357.17)	(3,758.51)
Insurance Services	(330.82)	(382.81)	(474.94)
Communication Services	(262.71)	(309.76)	(372.12)
Construction Services	(11.83)	(75.48)	(45.17)
Financial Services	(293.30)	(455.07)	(559.58)
Computer & information Services	(36.91)	(278.72)	(465.95)
Royalties and License Fees	(132.00)	(128.70)	(126.42)
Government Services	(952.83)	(785.48)	(729.16)
Personal, cultural & recreational services	(16.34)	(4.38)	(22.73)
Other Bussiness Services	(1,861.49)	(1,709.52)	(2,165.47)
Income(net)	**(13,238.72)**	**(12,491.05)**	**(10,783.25)**
Credit	422.00	466.06	567.10
Investment Income	323.11	373.70	467.86
Compensation of employees	98.89	92.36	99.24
Debit	(13,660.72)	(12,957.11)	(11,350.34)
Investment Income	(13,649.53)	(12,945.01)	(11,343.59)
Compensation of employees	(11.20)	(12.10)	(6.76)
Current transfers(net)	**10,698.98**	**11,520.72**	**11,142.48**
Credit	10,935.87	11,776.05	11,315.89
General Government	902.91	1,009.37	887.67
Other Sectors	10,032.96	10,766.68	10,428.22
Workers Remittance	10,020.89	10,755.43	10,318.59
Debit	(236.89)	(255.34)	(173.41)
General Government	(85.03)	(96.33)	(0.05)
Other Sectors	(151.86)	(159.01)	(173.36)
Workers Remittance	(13.80)	(13.80)	(13.80)
CAPITAL AND FINANCIAL ACCOUNT	**1,176.46**	**6,572.38**	**1,600.54**
Capital account(net)	**-**	**-**	**-**
Credit	-	-	-
Capital Transfers(Debt Forgiveness)	-	-	-
Debit	-	-	-
Capital Transfers	-	-	-
Financial account(net)	**1,176.46**	**6,572.38**	**1,600.54**
Assets	**(12,800.30)**	**(1,054.09)**	**(10,272.59)**
Direct investment (Abroad)	(509.56)	(727.93)	(79.95)
Portfolio investment	(1,577.23)	(1,669.39)	(4,528.00)
Other investment	(9,531.80)	(826.61)	(11,191.95)
Change in Reserve	(1,181.71)	2,169.83	5,527.31
Liabilities	**13,976.76**	**7,626.47**	**11,873.14**
Direct Invesment in reporting economy	3,475.38	2,133.09	1,655.60
Portfolio Investment	10,427.18	3,224.97	5,706.93
Other investment liabilities	74.20	2,268.41	4,510.61
NET ERRORS AND OMISSIONS	**(12,325.87)**	**(15,571.15)**	**(7,737.35)**

Memorandum Items:	1st Half 2013 /1	2nd Half 2013 /1	1st Half 2014 /2
Current Account Balance as % of G.D.P	**4.50**	**3.32**	**2.26**
Capital and Financial Account Balance as % of G.D.P	**0.47**	**2.42**	**0.59**
Overall Balance as % of G.D.P	**0.48**	**-0.80**	**-2.04**
External Reserves - Stock (US $ million)	**44957.00**	**42847.31**	**37330.03**
Number of Months of Imports Equivalent	**10.50**	**10.01**	**7.95**
External Debt Stock (US$ million)	**6920.10**	**8821.90**	**9377.11**
Debt Service Due as % of Exports of Goods Non Factor Services			
Effective Central Exchange Rate (N/$)	**156.03**	**156.04**	**156.02**
Average Exchange Rate (N/$)	**157.30**	**157.32**	**157.29**
End-Period Exchange Rate (N/$)	**157.31**	**157.26**	**157.29**

Source: Central Bank of Nigeria
1/ Revised
2/ Provisional

Table 38
Balance of Payments Analytic Presentation
(₦' Million)

	1st Half 2013 /1	2nd Half 2013 /1	1st Half 2014 /2
CURRENT ACCOUNT	**1,739,645.70**	**1,404,512.82**	**957,542.65**
Goods	**3,665,350.98**	**3,164,776.33**	**2,748,268.52**
Exports (fob)	7,671,959.96	7,171,970.53	7,144,396.56
Oil and Gas	7,271,346.92	6,863,578.62	6,824,794.38
Non-oil	400,613.03	308,391.91	319,602.17
Imports (fob)	(4,006,608.98)	(4,007,194.20)	(4,396,128.03)
Oil	(1,400,705.48)	(962,530.38)	(1,043,185.41)
Non-oil	(2,605,903.50)	(3,044,663.82)	(3,352,942.62)
Unrecorded(TPAdj)	-	-	-
Services(net)	**(1,529,438.42)**	**(1,608,708.86)**	**(1,846,778.60)**
Credit	162,807.22	214,221.88	161,344.40
Transportation	71,776.85	101,190.37	66,465.16
Travel	42,870.73	41,773.55	42,931.96
Insurance Services	332.46	309.98	3,018.76
Communication Services	3,782.16	4,345.43	4,156.71
Construction Services	-	-	-
Financial Services	1,642.28	1,820.93	1,050.73
Computer & information Services	-	-	-
Royalties and License Fees	-	-	-
Government Services	37,745.13	37,734.17	37,764.67
Personal, cultural & recreational services	-	-	-
Other Bussiness Services	4,657.61	27,047.46	5,956.41
Debit	(1,692,245.64)	(1,822,930.74)	(2,008,123.01)
Transportation	(685,383.80)	(654,299.12)	(647,510.58)
Travel	(398,623.49)	(524,012.91)	(586,450.78)
Insurance Services	(51,617.54)	(59,754.66)	(74,106.17)
Communication Services	(40,991.13)	(48,349.91)	(58,063.11)
Construction Services	(1,845.33)	(11,781.15)	(7,047.25)
Financial Services	(45,763.43)	(71,027.08)	(87,313.24)
Computer & information Services	(5,758.31)	(43,498.84)	(72,703.03)
Royalties and License Fees	(20,595.92)	(20,088.30)	(19,725.66)
Government Services	(148,670.13)	(122,608.37)	(113,773.50)
Personal, cultural & recreational services	(2,549.56)	(683.93)	(3,545.94)
Other Bussiness Services	(290,446.99)	(266,826.47)	(337,883.74)
Income(net)	**(2,065,625.21)**	**(1,949,764.48)**	**(1,682,539.31)**
Credit	65,844.53	72,748.10	88,485.92
Investment Income	50,414.78	58,331.62	73,001.13
Compensation of employees	15,429.74	14,416.47	15,484.78
Debit	(2,131,469.74)	(2,022,512.58)	(1,771,025.22)
Investment Income	(2,129,722.77)	(2,020,623.81)	(1,769,970.88)
Compensation of employees	(1,746.97)	(1,888.77)	(1,054.35)
Current transfers(net)	**1,669,358.36**	**1,798,209.83**	**1,738,592.04**
Credit	1,706,320.58	1,838,070.35	1,765,649.22
General Government	140,880.61	157,551.62	138,505.66
Other Sectors	1,565,439.97	1,680,518.73	1,627,143.55
Workers Remittance	1,563,556.03	1,678,762.18	1,610,037.22
Debit	(36,962.23)	(39,860.52)	(27,057.17)
General Government	(13,267.44)	(15,040.79)	(7.03)
Other Sectors	(23,694.79)	(24,819.74)	(27,050.15)
Workers Remittance	(2,153.21)	(2,154.01)	(2,153.25)
CAPITAL AND FINANCIAL ACCOUNT	**183,545.01**	**1,026,287.84**	**249,737.08**
Capital account(net)	-	-	-
Credit	-	-	-
Capital Transfers(Debt Forgiveness)	-	-	-
Debit	-	-	-
Capital Transfers	-	-	-
Financial account(net)	**183,545.01**	**1,026,287.84**	**249,737.08**
Assets	**(1,997,244.43)**	**(164,043.95)**	**(1,602,860.77)**
Direct investment (Abroad)	(79,507.80)	(113,561.44)	(12,475.25)
Portfolio investment	(246,092.11)	(260,576.41)	(706,516.30)
Other investment	(1,487,240.53)	(128,570.52)	(1,746,310.16)
Change in Reserve	(184,403.99)	338,664.43	862,440.94
Liabilities	**2,180,789.44**	**1,190,331.78**	**1,852,597.85**
Direct Invesment in reporting economy	542,260.60	332,955.06	258,327.96
Portfolio Investment	1,626,954.16	503,357.82	890,467.54
Other investment liabilities	11,574.68	354,018.90	703,802.35
NET ERRORS AND OMISSIONS	**(1,923,190.71)**	**(2,430,800.65)**	**(1,207,279.73)**

Memorandum Items:	**1st Half 2013 /1**	**2nd Half 2013 /1**	**1st Half 2014 /2**
Current Account Balance as % of G.D.P	**4.50**	**3.32**	**2.26**
Capital and Financial Account Balance as % of G.D.P	**0.47**	**2.42**	**0.59**
Overall Balance as % of G.D.P	**0.48**	**-0.80**	**-2.04**
External Reserves - Stock (US $ million)	**44,957.00**	**42,847.31**	**37,330.03**
Number of Months of Imports Equivalent	**10.50**	**10.01**	**7.95**
External Debt Stock (US$ million)	**6,920.10**	**8,821.90**	**9,377.11**
Debt Service Due as % of Exports of Goods Non Factor Services			
Effective Central Exchange Rate (N/$)	**156.03**	**156.04**	**156.02**
Average Exchange Rate (N/$)	**157.30**	**157.32**	**157.29**
End-Period Exchange Rate (N/$)	**157.31**	**157.26**	**157.29**

Source: Central Bank of Nigeria
1/ Revised
2/ Provisional

Table 39
Foreign Exchange Flows Through the Economy
(US$ Million)

CATEGORY	1st Half 2010	1st Half 2011	1st Half 2012	1st Half 2013 /2	2nd Half 2014 /3
INFLOW	**39,297.43**	**50,257.07**	**55,548.08**	**72,277.13**	**75,643.39**
A. Through the Central Bank	**12,982.08**	**19,574.33**	**22,170.74**	**19,747.39**	**22,888.76**
1. Oil	12,159.31	18,140.18	21,298.36	18,971.59	21,027.88
2.Non-oil	822.77	1,434.14	872.37	775.80	1,860.88
(i) Drawings on Loans/Grants	-	-	-	-	-
(ii) RDAS/WDAS Purchases	9.30	-	-	20.00	270.00
(iii) Swaps	-	-	-	-	500.00
(iv) Interest on Reserves & Investments	375.98	112.56	89.19	30.32	79.07
(v) Interest Repatriated from overseas	-	-	0.72	0.29	0.12
(vi) Refund on World Bank/IBRD/IMF Loans/SDR Allocation	0.00	0.0	-	-	-
(vii) Eurobond proceeds -fixed income securities)					7.40
(viii) Returned Payments [Wired/Cash]					11.21
(ix) Untilised funds from DAS					134.02
(x) Recovered Funds					226.39
(xi) Other official Receipts	437.49	1,321.59	782.46	725.19	632.67
B. Through Autonomous Sources	**26,315.35**	**30,682.74**	**33,377.34**	**52,529.74**	**52,754.63**
1. Non-oil exports	977.56	1,355.60	2,007.62	1,898.23	3,650.25
2. Capital Inflow	30.06	9.83	110.57	151.82	271.85
3. Invisibles	25,307.73	29,317.31	31,259.15	50,479.70	48,832.53
OUTFLOW	**17,594.67**	**21,402.28**	**20,204.63**	**18,964.82**	**29,092.93**
A. Through the Central Bank	**17,027.91**	**20,530.52**	**19,355.49**	**18,763.71**	**28,501.99**
1. WDAS/RDAS Utilisation	**14,146.35**	**17,002.27**	**16,687.61**	**15,440.47**	**25,172.86**
(i) WDAS/RDAS Sales	11,715.11	14,638.04	10,414.10	10,711.04	17,233.85
(ii) WDAS Forward	-	536.51	679.99	-	1,075.86
(iii) BDC Sales	2431.24	1,827.72	3,455.82	2,263.61	3,518.15
(iv) Inter-bank Sales	-	-	1,612.70	2,461.50	3,345.00
(v) Swaps	-	-	525.00	4.33	-
(vi) Invisibles IFEM	-	-	-	-	-
2. Drawings on L/C	**406.83**	**902.43**	**291.63**	**204.13**	**194.70**
3. External Debt Service	**178.71**	**176.46**	**152.16**	**150.09**	**178.18**
(i) Principal	137.42	127.63	118.26	94.35	95.88
(ii) Interest	2.80	8.49	5.38	5.25	5.21
(iii) Others 1/	38.49	40.34	28.52	50.49	77.09
4. Professional fees/Commission	-	-	0.06	-	
5. Contributions, Grants & Equities Invests. (AFC Equity Participation)	-	-	-	-	135.55
6. National Priority Projects (Niger-Delta Payments)	**0.00**	**35.85**	**50.64**	**33.33**	**42.52**
7. Other Official Payments	**2,296.01**	**2,413.51**	**2,173.38**	**2,885.14**	**2,427.90**
(i) Int'l Organisations & Embassies /4	280.45	244.32	126.47	308.03	176.51
(ii) Estacode	-	-	42.85	57.62	106.26
(iii) Parastatals	195.80	592.42	350.58	545.56	458.29
(iv) NNPC/JV Cash Calls	1,789.14	1,475.16	1,628.69	1,932.07	1,564.81
(v) Miscellaneous (CBN Uses)	30.62	101.61	24.79	41.85	122.02
8. Bank Charges	-	-	-	0.55	0.05
9. NSIA Transfer				50.00	-
10. Funds returned to remitters					0.23
11. 3rd Party MDA Transfer					350.00
B. Through Autonomous Sources	**566.76**	**871.76**	**849.14**	**201.11**	**590.94**
1. Imports	498.00	847.53	837.48	179.91	577.23
2. Invisibles	1.61	24.24	11.66	21.21	13.71
NETFLOW THROUGH THE CBN	**(4,045.82)**	**(956.19)**	**2,815.25**	**983.68**	**(5,613.23)**
NETFLOW	**21,702.77**	**28,854.79**	**35,343.45**	**53,312.31**	**46,550.46**

Source: Central Bank of Nigeria
1/ Includes penalty and service charges
2/ Revised
3/ Provisional
4/ Includes IMF (SDR charges)

Table 40
Nigeria's Gross External Reserves
(US$ Million)

Month	2010	2011	2012	2013	2014
January	42,075.67	33,131.83	34,136.57	45,824.44	40,667.56
February	41,410.10	33,246.07	33,857.37	47,295.85	36,923.61
March	40,667.03	33,221.80	35,197.44	47,884.12	37,399.22
April	40,322.01	32,835.33	36,660.89	47,903.09	37,105.27
May	38,815.79	32,100.81	36,839.53	47,702.88	35,398.10
June	37,468.44	31,890.91	35,412.50	44,957.00	37,330.03
July	37,155.19	32,521.71	36,285.32	45,834.11	
August	36,769.65	32,914.97	39,509.81	45,428.84	
September	34,589.01	31,740.23	40,640.40	44,108.48	
October	33,597.02	32,594.69	42,167.41	44,155.11	
November	33,059.30	32,125.22	42,568.26	43,414.20	
December	32,339.25	32,639.78	43,830.42	42,847.31	

Source: Central Bank of Nigeria

Table 41
Nigeria Foreign Exchange Cross Rates
Naira per Unit of Foreign Currency (Monthly Average)

2010	Pounds	Euro	CFAFr	US$ (DAS/WDAS)	US$ (BDC)
Jan	239.96	211.72	0.32	149.78	153.55
Feb	232.66	203.67	0.31	150.22	152.08
Mar	223.26	201.38	0.31	149.83	151.85
Apr	227.55	199.09	0.30	149.89	152.00
May	217.36	186.52	0.28	150.31	153.26
Jun	219.42	181.65	0.28	150.19	153.87
1st Half Average	**226.70**	**197.34**	**0.30**	**150.04**	**152.77**
Jul	227.02	189.83	0.29	150.10	152.41
Aug	233.10	192.01	0.29	150.27	152.23
Sep	232.86	195.91	0.30	151.03	153.85
Oct	237.51	208.34	0.32	151.25	153.98
Nov	237.62	203.64	0.31	150.22	153.13
Dec	232.78	197.27	0.30	150.48	154.57
2nd Half Average	**233.48**	**197.83**	**0.30**	**150.56**	**153.36**

2011	Pounds	Euro	CFAFr	US$ (DAS/WDAS)	US$ (BDC)
Jan	236.92	200.57	0.30	151.55	156.13
Feb	242.81	205.58	0.31	151.94	155.11
Mar	243.95	211.17	0.32	152.51	157.09
Apr	249.16	220.08	0.33	153.97	157.05
May	250.11	219.66	0.33	154.80	158.05
Jun	248.13	220.21	0.34	154.50	158.32
1st Half Average	**245.18**	**212.88**	**0.32**	**153.21**	**156.95**
Jul	242.51	216.08	0.33	151.86	163.71
Aug	247.53	216.79	0.33	152.72	163.10
Sep	242.88	211.73	0.32	155.26	158.23
Oct	239.15	208.22	0.32	153.26	161.25
Nov	243.45	208.78	0.32	155.77	160.35
Dec	244.53	206.52	0.31	158.21	163.30
2nd Half Average	**243.34**	**211.35**	**0.32**	**154.51**	**161.66**

2012	Pounds	Euro	CFAFr	US$ (DAS/WDAS)	US$ (BDC)
Jan	243.27	202.52	0.31	158.39	164.62
Feb	246.98	206.71	0.31	157.87	160.85
Mar	246.92	206.05	0.31	157.59	159.41
Apr	249.34	205.00	0.31	157.33	159.37
May	248.03	199.42	0.30	157.28	159.67
Jun	242.42	193.92	0.30	157.44	163.43
1st Half Average	**246.16**	**202.27**	**0.31**	**157.65**	**161.22**
Jul	243.06	191.56	0.29	157.43	163.32
Aug	244.87	193.28	0.29	157.38	162.24
Sep	250.88	200.27	0.30	157.34	159.80
Oct	250.45	202.21	0.31	157.32	159.00
Nov	248.69	199.91	0.30	157.31	159.32
Dec	251.56	204.30	0.31	157.32	159.26
2nd Half Average	**248.25**	**198.59**	**0.30**	**157.35**	**160.49**

2013	Pounds	Euro	CFAFr	US$ (DAS/WDAS)	US$ (BDC)
Jan	248.72	206.97	0.31	157.30	159.12
Feb	241.10	208.16	0.32	157.30	158.70
Mar	234.75	201.95	0.31	157.31	159.80
Apr	238.49	202.88	0.31	157.31	159.81
May	238.34	202.34	0.31	157.30	159.57
Jun	241.11	205.47	0.31	157.31	160.98
1st Half Average	**240.42**	**204.63**	**0.31**	**157.30**	**159.66**
Jul	236.40	203.77	0.31	157.32	162.43
Aug	241.35	207.23	0.31	157.31	162.28
Sep	246.97	207.95	0.32	157.32	163.14
Oct	250.86	212.74	0.32	157.42	165.00
Nov	250.76	210.17	0.32	157.27	167.14
Dec	255.13	213.41	0.32	157.27	171.40
2nd Half Average	**246.91**	**209.21**	**0.32**	**157.32**	**165.23**

2014	Pounds	Euro	CFAFr	US$ (DAS/RDAS)	US$ (BDC)
Jan	256.59	212.10	0.32	157.29	171.71
Feb	257.81	212.72	0.32	157.31	169.45
Mar	258.95	215.39	0.33	157.30	171.50
Apr	260.67	215.14	0.33	157.29	170.25
May	262.41	213.98	0.33	157.29	166.85
Jun	263.29	211.68	0.32	157.29	167.17
1st Half Average	**259.95**	**213.50**	**0.32**	**157.29**	**169.49**

Source: Central Bank of Nigeria

Table 42
Monthly Average Exchange Rate Movements
(₦/US$ 1.00)

2010	WDAS	Interbank	BDC
Jan	149.78	150.33	153.55
Feb	150.22	150.97	152.08
Mar	149.83	150.08	151.85
Apr	149.89	150.38	152.00
May	150.31	151.49	153.26
Jun	150.19	151.28	153.87
1st Half	**150.04**	**150.75**	**152.77**
End-Period	**149.99**	**150.00**	**153.50**
Jul	150.10	150.27	152.41
Aug	150.27	150.70	152.23
Sep	151.03	152.62	153.85
Oct	151.25	151.78	153.98
Nov	150.22	150.55	153.13
Dec	150.48	152.63	154.57
2nd Half	**150.56**	**151.42**	**153.36**
End-Period	**150.66**	**152.00**	**156.00**
2011	**WDAS**	**Interbank**	**BDC**
Jan	151.55	152.47	156.13
Feb	151.94	152.86	155.11
Mar	152.51	155.21	157.09
Apr	153.97	154.60	157.05
May	154.80	156.17	158.05
Jun	154.50	155.65	158.32
1st Half	**153.21**	**154.49**	**156.95**
End-Period	**153.31**	**152.52**	**159.00**
Jul	151.86	152.41	163.71
Aug	152.72	153.79	163.10
Sep	155.26	156.70	158.23
Oct	153.26	159.82	161.25
Nov	155.77	158.83	160.35
Dec	158.21	162.17	163.30
2nd Half	**154.51**	**157.29**	**161.66**
End-Period	**158.27**	**159.70**	**165.00**
2012	**WDAS**	**Interbank**	**BDC**
Jan	158.39	161.31	164.62
Feb	157.87	158.59	160.85
Mar	157.59	157.72	159.41
Apr	157.33	157.44	159.37
May	157.28	158.46	159.67
Jun	157.44	162.33	163.43
1st Half	**157.65**	**159.31**	**161.22**
End-Period	**157.50**	**162.85**	**164.00**
Jul	157.43	161.33	163.32
Aug	157.38	158.97	162.24
Sep	157.34	157.78	159.80
Oct	157.32	157.24	159.00
Nov	157.31	157.58	159.32
Dec	157.32	157.33	159.26
2nd Half	**157.35**	**158.37**	**160.49**
End-Period	**157.33**	**157.25**	**159.50**
2013	**W/RDAS**	**Interbank**	**BDC**
Jan	157.30	156.96	159.12
Feb	157.30	157.52	158.70
Mar	157.31	158.38	159.80
Apr	157.31	158.20	159.81
May	157.30	158.02	159.57
Jun	157.31	160.02	160.98
1st Half	**157.30**	**158.18**	**159.66**
End-Period	**157.31**	**162.60**	**162.00**
Jul	157.32	161.12	162.43
Aug	157.31	161.15	162.28
Sep	157.32	161.96	163.14
Oct	157.42	159.83	165.00
Nov	157.27	158.79	167.14
Dec	157.27	159.05	171.40
2nd Half	**157.32**	**160.32**	**165.23**
End-Period	**157.26**	**159.90**	**172.00**
2014	**RDAS**	**Interbank**	**BDC**
Jan	157.29	160.23	171.71
Feb	157.31	163.62	169.45
Mar	157.30	164.61	171.50
Apr	157.29	162.19	170.25
May	157.29	161.86	166.85
Jun	157.29	162.82	167.17
1st Half	**157.29**	**162.55**	**169.49**
End-Period	**157.29**	**162.95**	**168.00**

Source: Central Bank of Nigeria

Table 43
Demand and Supply of Foreign Exchange
(US$ Million)

Year/Month (2013)	W/R DAS Demand	BDC Demand	W/R DAS - Forward Demand	Total Demand	W/R DAS Sales	BDC Sales	W/R DAS- Forward Sales	Interbank Sales	Swaps	W/R DAS - Forward (Disbursement on Maturity)	Total Supply	Total Supply**
January	836.39	303.48	0.00	1,139.87	713.50	303.48	0.00	0.00	0.00	0.00	1,016.98	1,016.98
February	1,164.28	299.25	0.00	1,463.53	1,072.82	299.25	0.00	0.00	0.00	0.00	1,372.07	1,372.07
March	1,911.29	365.00	0.00	2,276.29	1,801.54	365.00	0.00	110.00	0.00	0.00	2,276.54	2,276.54
April	2,156.22	381.04	0.00	2,537.26	2,154.47	381.04	0.00	310.50	0.00	0.00	2,846.01	2,846.01
May	2,019.20	487.62	0.00	2,506.81	2,318.70	487.62	0.00	75.00	0.00	0.00	2,881.32	2,881.32
June	2,661.33	427.23	0.00	3,088.56	2,650.00	427.23	0.00	1,966.00	0.00	0.00	5,043.23	5,043.23
First Half	**10,748.70**	**2,263.61**	**0.00**	**13,012.31**	**10,711.04**	**2,263.61**	**0.00**	**2,461.50**	**0.00**	**0.00**	**15,436.15**	**15,436.15**
July	3,325.56	575.36	136.31	4,037.23	3,000.00	575.36	41.00	161.00	252.21	0.00	4,029.57	3,988.57
August	2,179.38	466.52	0.00	2,645.90	2,437.08	466.52	55.03	0.00	0.00	41.00	2,958.64	2,944.60
September	2,660.13	480.45	0.00	3,140.58	2,297.82	480.45	56.28	902.00	0.00	76.60	3,736.55	3,756.87
October	3,541.93	598.35	0.00	4,140.28	2,274.38	598.35	0.00	0.00	0.00	68.78	2,872.73	2,941.51
November	3,095.32	522.70	16.47	3,634.49	2,796.47	522.70	0.00	0.00	0.00	16.47	3,319.17	3,335.64
December	3,925.53	404.80	3.94	4,334.27	2,007.76	404.80	0.00	414.00	0.00	3.94	2,826.56	2,830.50
Second Half	**18,727.85**	**3,048.18**	**156.72**	**21,932.75**	**14,813.51**	**3,048.18**	**152.32**	**1,477.00**	**252.21**	**206.79**	**19,743.21**	**19,797.69**

Year/Month (2014)	RDAS Demand	BDC Demand	RDAS - Forward Demand	Total Demand	RDAS Sales	BDC Sales	RDAS-	Interbank Sales	Swaps	RDAS - Forward (Disbursement on Maturity)	Total Supply*	Total Supply**
January	6,236.67	556.30	31.15	6,824.12	2,989.43	556.30	0.00	728.00	0.00	493.00	4,273.73	4,766.73
February	4,096.46	567.05	140.26	4,803.77	3,101.87	567.05	10.50	2,279.00	0.00	2,575.00	5,958.42	8,522.92
March	4,320.04	560.95	333.33	5,214.32	3,151.59	560.95	101.96	56.00	0.00	277.00	3,870.50	4,045.54
April	3,045.49	712.80	81.87	3,840.16	2,663.92	712.80	261.11	0.00	0.00	0.00	3,637.83	3,376.72
May	2,805.74	619.84	0.00	3,425.58	2,928.49	619.84	271.31	0.00	0.00	0.00	3,819.63	3,548.32
June	3,401.41	501.22	0.00	3,902.63	2,398.55	501.22	430.98	0.00	0.00	0.00	3,330.75	2,899.77
First Half	**23,905.82**	**3,518.15**	**586.61**	**28,010.59**	**17,233.85**	**3,518.15**	**1,075.86**	**3,063.00**	**0.00**	**3,345.00**	**24,890.86**	**27,160.00**
July												
August												
September												
October												
November												
December												
Second Half												

Source: Central Bank of Nigeria

Total supply* includes W/R DAS sales (spot and forward), BDC and Interbank sales as well as Swaps.

Total supply** includes W/R DAS spot sales, W/R DAS forward disbursement at maturity, BDC and Interbank sales as well as Swaps.

Table 44
Sectoral Utilization of Foreign Exchange
(US Dollar)

SECTORS	1st Half 2012/1	2nd Half 2012	1st Half 2013/2	2nd Half 2013	1st Half 2014 /2	Absolute Change		Percentage Change	
			(1)	(2)	(3)	(1) & (3)	(2) & (3)	(1) & (3)	(2) & (3)
A. Imports	**15,895,662,183.19**	**12,884,049,540.16**	**14,462,883,365.74**	**14,523,652,340.45**	**16,631,013,170.43**	**2,168,129,804.69**	**2,107,360,829.98**	**14.99**	**14.51**
Industrial Sector	4,016,347,536.71	3,560,402,445.60	4,041,448,121.96	4,637,106,615.09	4,661,644,212.04	620,196,090.08	24,537,596.95	15.35	0.53
Food Products	2,991,855,972.79	2,468,105,833.59	2,767,756,161.15	2,476,874,436.37	2,658,782,598.59	-108,973,562.56	181,908,162.22	-3.94	7.34
Manufactured Products	2,471,400,781.23	2,221,313,336.31	2,147,236,827.27	2,198,642,063.17	2,783,304,773.17	636,067,945.90	584,662,710.00	29.62	26.59
Transport Sector	1,004,052,243.78	814,916,250.16	755,204,035.53	854,349,155.45	940,834,300.06	185,630,264.53	86,485,144.61	24.58	10.12
Agricultural Sector	145,610,478.23	96,230,503.87	157,895,155.41	159,110,217.03	242,451,389.17	84,556,233.76	83,341,172.14	53.55	52.38
Minerals	253,016,835.36	101,407,631.24	164,617,930.38	252,092,780.74	180,202,551.19	15,584,620.81	-71,890,229.55	9.47	-28.52
Oil Sector	5,013,378,335.09	3,621,673,539.39	4,428,725,134.04	3,945,477,072.60	5,163,793,346.21	735,068,212.17	1,218,316,273.61	16.60	30.88
B. Invisibles	**6,264,363,074.93**	**7,030,622,094.86**	**12,478,677,753.36**	**13,776,673,837.80**	**16,274,798,516.97**	3,796,120,763.61	2,498,124,679.17	30.42	18.13
Business Services	563,682,416.06	498,182,624.12	589,753,886.55	731,983,492.06	1,542,253,118.81	952,499,232.26	810,269,626.75	161.51	110.70
Communication Services	178,507,891.40	234,667,147.80	262,706,450.30	309,754,825.63	374,076,738.67	111,370,288.37	64,321,913.04	42.39	20.77
Construction and Engineering	35,443,834.65	76,543,901.20	11,829,909.11	75,481,705.52	45,162,720.93	33,332,811.82	-30,318,984.59	281.77	-40.17
Distribution Services	24,035,583.92	39,578,249.09	18,186,729.88	54,709,121.42	49,743,988.82	31,557,258.94	-4,965,132.60	173.52	-9.08
Educational Services	89,902,725.08	135,581,731.71	104,526,083.34	160,971,327.81	140,778,938.66	36,252,855.32	-20,192,389.15	34.68	-12.54
Environmental Services	0.00	91,013.00	-	-		0.00	0.00		
Financial Services	4,832,258,728.49	5,116,051,518.47	10,811,773,101.58	11,470,494,899.21	13,210,340,603.21	2,398,567,501.63	1,739,845,704.00	22.18	15.17
Health Related and Social Services	1,273,521.80	735,287.18	1,394,662.89	385,906.15	333,168.32	-1,061,494.57	-52,737.83	-76.11	-13.67
Tourism and Travel Related Services	26,649,479.86	47,350,208.45	16,344,055.52	3,356,338.12	21,363,448.93	5,019,393.41	18,007,110.81	30.71	536.51
Recreational, Cultural and Sporting Services	66,597.50	1,923.15	0.00	1,021,500.00	1,366,685.32	1,366,685.32	345,185.32		33.79
Transport Services	427,729,919.69	728,562,831.45	546,843,850.74	817,013,716.29	722,244,970.80	175,401,120.06	-94,768,745.49	32.08	-11.60
Other Services not Included Elsewhere	84,812,376.48	153,275,659.24	115,319,023.45	151,501,005.59	167,134,134.50	51,815,111.05	15,633,128.91	44.93	10.32
TOTAL (A+B)	**22,160,025,258.12**	**19,914,671,635.02**	**26,941,561,119.10**	**28,300,326,178.25**	**32,905,811,687.40**	**5,964,250,568.30**	**4,605,485,509.15**	**22.14**	**16.27**

Source: Central Bank of Nigeria

1/ Revised

2/ Provisional

Table 45
Total External Assets of Financial Institutions
(Naira Million)

	First Half 2013 1/	First Half 2014 2/
1. Monetary Authorities	**7,614,112.49**	**6,580,954.19**
Foreign Assets	**7,614,112.49**	**6,580,954.19**
Gold	19.01	19.01
IMF Tranche	22.62	22.62
Foreign Currencies	34,538.05	57,913.74
Demand Deposits at Foreign Banks	7,188,388.24	6,120,961.56
of which: Domicilliary Accounts	683,696.66	716,973.32
Treasury Bills of Foreign Governments	1.05	51.36
SDR Holdings	391,143.51	401,985.90
2. Semi Official Institutions	**-**	**-**
i) BOI	**-**	**-**
ii) Others	**-**	**-**
3. Deposit Money Banks	**1,986,111.81**	**2,234,406.82**
Total Assets	**9,600,224.30**	**8,815,361.01**
Total Assets (US$' Million)	**61,028.40**	**56,046.24**
Exchange Rate (End-period)	**157.31**	**157.29**

Source: Central Bank of Nigeria
1/ Revised
2/ Provisional