



CENTRAL BANK OF NIGERIA

***ECONOMIC REPORT
SECOND QUARTER 2011***

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

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1.0 Summary

Provisional data from the National Bureau of Statistics (NBS) showed that estimated gross domestic product (GDP) grew by 7.9 per cent, compared with 7.4 per cent in the preceding quarter. The development was attributed, largely, to the 8.8 per cent growth in the non-oil sector.

Broad money supply, (M2), grew by 4.5 per cent at end-June 2011. The development reflected, wholly, the 8.5 per cent rise in domestic credit (net) of the banking system, which more than offset the effect of the 7.6 and 10.1 per cent decline in foreign assets (net) and other assets (net) of the banking system. Narrow money supply, (M1), also rose by 4.0 per cent, in contrast to a decline of 2.6 per cent at the end of the preceding quarter of 2010. Relative to the level at end-December 2010, M2 rose by 5.5 per cent, reflecting the 13.7 and 2.3 per cent rise in other asset (net) and domestic credit (net) of the banking system, respectively, while M1 grew by 1.3 per cent over the level at end-December 2010, owing to 3.1 per cent rise in demand deposit component. Reserve money (RM) increased by 21.1 per cent over the level at the end of the preceding quarter.

Available data indicated an upward trend in banks' deposit rates, while lending rates showed mixed developments. The spread between the weighted average term deposit and maximum lending rates widened from 17.06 percentage points in the preceding quarter to 17.44 per cent, while that between the average savings deposit and maximum lending rates also widened from 20.4 percent in the preceding quarter to 20.67 percent. The weighted average interbank call rate, which stood at 7.95 per cent in the preceding quarter, rose to 10.64 per cent, reflecting the liquidity condition in the interbank funds market.

The value of money market assets outstanding increased by 8.5 per cent above the level in the preceding quarter to ₦4,994.3 billion. The development was attributed to the 10.5 and 6.9 per cent increase in FGN Bonds and NTB, respectively.

Total federally-collected revenue in the second quarter of 2011 stood at ₦2,433.23 billion, exceeding the proportionate budget estimate, the receipts in the preceding quarter and the receipts in the corresponding quarter of 2010 by 35.5, 2.6 and 41.3 per cent, respectively. At ₦1,892.38 billion, oil receipts, which constituted 77.8 per cent of the total, exceeded the proportionate budget estimate and the level in the corresponding quarter of 2010, by 51.9 and 46.8 per cent, respectively, but fell below the level in the preceding

quarter by 2.2 per cent. The rise in oil receipts relative to the proportionate budget estimate was attributed, largely, to the increase in crude oil price in the international oil market. Non-oil receipts, at ₦540.85 billion (22.2 per cent of the total), was lower than the proportionate budget estimate by 1.7 per cent, but was above the levels in the preceding quarter and corresponding quarter of 2010 by 23.8 and 24.9 per cent, respectively. The improvement in non-oil revenue relative to the preceding period reflected largely the increase in all its major components.

Federal Government retained revenue for the second quarter of 2011 was ₦734.98 billion, while total expenditure was ₦912.50 billion. Thus, the fiscal operations of the Federal Government resulted in an estimated deficit of ₦177.52 billion or 2.2 per cent of estimated nominal GDP for second quarter 2011, compared with the deficit of ₦286.61 billion and ₦277.54 billion for the preceding quarter and the corresponding quarter of 2010, respectively.

Agricultural activities during the quarter under review were dominated by intense cultivation and harvest of crops such as maize and vegetables. In the livestock sub-sector, farmers engaged in restocking of broilers and layers to replenish the sales during the Easter festival.

Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at 2.19 million barrels per day (mbd) or 199.29 million barrels for the quarter. Crude oil export was estimated at 1.74 mbd or 158.34 million barrels for the quarter, while deliveries to the refineries for domestic consumption remained at 0.45 mbd or 40.95 million barrels. The average price of Nigeria's reference crude, the Bonny Light (370 API), estimated at US\$120.83 per barrel, rose by 13.3 per cent over the level in the preceding quarter.

The end-period headline inflation rate (year-on-year), for the second quarter of 2011, was 10.2 per cent, compared with 12.8 and 14.1 per cent recorded at the end of the preceding quarter and the corresponding quarter of 2010, respectively. Inflation rate on a twelve-month moving average basis was 12.3 per cent, compared with 13.0 and 13.1 per cent in the preceding quarter and the corresponding quarter of 2010, respectively.

Foreign exchange inflow and outflow through the Central Bank of Nigeria (CBN) amounted to US\$8.85 billion and US\$10.97 billion, respectively, resulting in a net outflow of US\$2.12 billion during the quarter. Foreign exchange sales by the CBN to the authorized dealers amounted to US\$9.2 billion in the second quarter of 2011, compared with US\$7.8 billion in the first quarter of 2011.

The average Naira exchange rate vis-à-vis the US dollar, depreciated by 1.5 per cent to ₦154.41 per dollar at the WDAS. At the bureaux-de-change segment of the market, the Naira also depreciated from ₦156.11 per dollar to ₦157.77; while at the interbank segment, it depreciated from ₦153.48 per US dollar in Q4 2010 to ₦155.48. Non-oil export earnings fell by 33.4 per cent, to US\$518.11 million over the level in the preceding quarter. The development was attributed, largely to the fall in the prices of all the commodities traded at the international commodities market.

Provisional data from the International Monetary Fund (IMF) indicated that the global economy would grow by 4.3 per cent in 2011. Further analysis indicated that economic activity slowed in the second quarter of 2011, and then pick-up again in the second half of the year (IMF World Economic Outlook 2011). The initial slowdown was attributed to the devastating effect of the earthquake and tsunami on the Japanese economy, with supply disruptions weighing heavily on industrial production, and consumer sentiment and spending.

Global inflation picked from 3.5 percent in the last quarter of 2010 to 4 per cent in the first quarter of 2011, more than 0.25 percentage point higher than the projected in the April 2011. Inflation accelerated mainly because of larger than-expected increases in commodity prices. In Africa, the Nigerian NSE ASI, Kenyan Nairobi NSE 20 and Ghanaian CI indices increased by 1.5, 2.1 and 11.0 per cent, respectively, while the South African JSE All-Share and Egyptian EGX CASE 30 indices decreased by 1.1 and 1.7 per cent, respectively.

Other major international economic developments of relevance to the domestic economy during the review quarter included: the 2011 Spring Meetings of the Board of Governors of the World Bank Group and the International Monetary Fund (IMF) were held in Washington DC, USA from April 11-17 2011. Other meetings, seminars, conferences and events were also held on the fringes of the Spring meetings. The Ministers of the Inter-governmental Group of 24, the International Monetary and Finance Committee and the Development Committee discussed issues relating to the Global Economy, Surveillance, Reforms of the BWIs, Climate Finance, post Crisis Growth and development, amongst others.

In a related development, the G-20 met ahead of the IMF/World Bank Spring meetings in Washington DC to deliberate on post-crisis growth. The meeting noted with concern that the US, China and five other large economies would face deeper scrutiny from their peers

to ensure their policies do not derail a global expansion that could be strong enough to absorb recent shocks (See April 2011 Report).

The Economic Community of West African States (ECOWAS), West African Monetary Agency (WAMA) and the West African Monetary Institute (WAMI) joint Multilateral Surveillance Mission to Nigeria was conducted from April 4 - 8, 2011. The purpose of the Mission was to assess performance in 2010 on the macroeconomic convergence criteria as well as policy harmonization and institutional framework required for the establishment of economic and monetary union in the ECOWAS region (.See April 2011 Report).

In another development, the 4th West African Monetary Zone (WAMZ) Trade Ministers forum was convened by the West African Monetary Institute (WAMI) and hosted by the Ministry of Trade and Industry of the Republic of Sierra Leone in Freetown, Sierra Leone from May 18 to 19, 2011. The major issues discussed at the meeting included compliance by member states with ECOWAS Free Trade Area and the Right to Establish, Implementation of the recommendations of previous WAMZ Trade Ministers Forum and Presentation on Electronic Tracking System. (See May 2011 Report)

Also, the 2011 G8 summit was held on May 26 and 27 in Deauville, France under the chairmanship of Mr. Sarkozy, President of France. The G8 Summit issued declarations on solidarity with Japan, Nuclear Safety, the internet development, and peace and security. Others were the Declaration of the G8 on the Arab spring; and the G8/Africa Joint Declaration (See May 2011 Report). Also, The Board of Directors of the African Development Bank (AFDB) Group on May 26th, 2011 approved two sovereign guaranteed programmes, in the amount of USD 200 million, to the Nigerian Export-Import Bank (NEXIM) for financing export-oriented Small and Medium-sized Enterprises (SMEs) and USD 500 million, to the Bank of Industry (BOI) for financing domestic-oriented SMEs in Nigeria (See May 2011 Report).

Finally, the Association of African Central Banks (AACB) held its year 2011 Continental Seminar on the theme, "Financing Development in Africa: What role for Central Banks?" The seminar was hosted by the National Bank of Rwanda in Kigali, from May 30 to June 1, 2011. The Seminar sought to identify alternative sources of financing development in Africa and to further strengthen the AACB's goals of promoting the exchange of ideas and experiences on monetary, financial and banking matters.

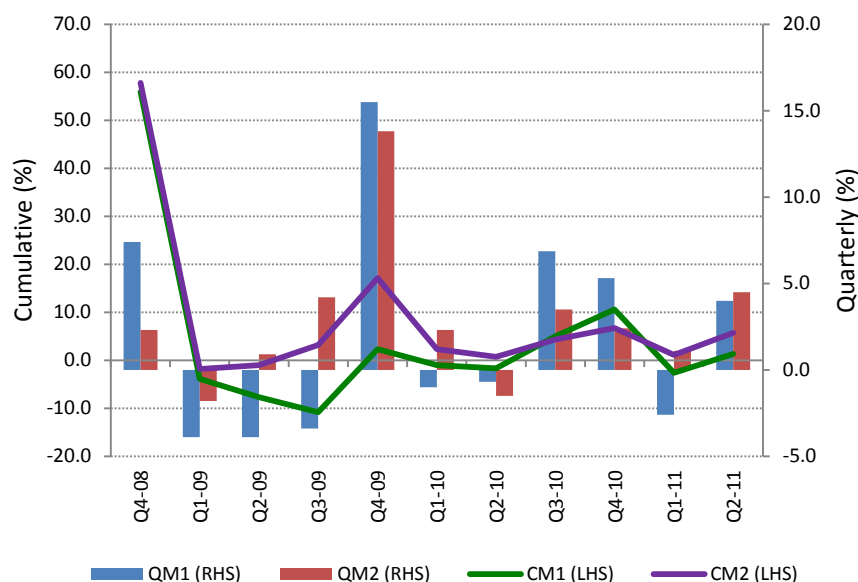
2.0 Financial Sector Developments

2.1 Monetary and Credit Developments

The growth in the key monetary aggregate was moderate at the end of the second quarter of 2011. Banks' deposit rates generally increased, while lending rates indicated mixed developments during the quarter under review. The value of money market assets increased, largely, due to the rise in FGN Bonds and NTBs. Transactions on the Nigerian Stock Exchange (NSE) indicated mixed development during the review quarter.

The key monetary aggregate moderated during Q2 2011.

Provisional data indicated that growth in the major monetary aggregate was moderate at the end of the second quarter of 2011. Broad money supply, (M_2), grew by 4.5 per cent to ₦12,177.4 billion at end-June 2011, compared with the growth of 1.1 per cent at the end of the preceding quarter. The development reflected, wholly, the 8.5 per cent rise in Domestic credit (net) of the banking system which more than offset the effect of the 7.6 and 10.1 per cent decline in foreign assets (net) and other assets (net) of the banking system. Narrow money supply, (M_1), at ₦5,642.6 billion, also, rose by 4.0 per cent, in contrast to the decline of 2.6 per cent at the end of the preceding quarter. The development reflected, wholly, the 7.3 per cent increase in its demand deposit component. Similarly, quasi money, at ₦6,534.8, rose by 4.9 per cent over the level at the end of the corresponding quarter of 2010. Relative to the level at end-December 2010, M_2 rose by 5.5 per cent, reflecting the 13.7 and 2.3 per cent rise in other asset (net) and domestic credit (net) of the banking system, respectively. Also, M_1 grew by 1.3 per cent over the level at end-December 2010, owing to 3.1 per cent increase in its demand deposit component (Fig. 1, Table 1).

Figure 1: Growth Rate of Narrow Money (M_1) and Broad Money (M_2)¹

At N8, 908.5 billion, aggregate banking system credit (net) to the domestic economy, rose by 8.5 per cent at the end of the second quarter of 2011, in contrast to a decline of 5.8 per cent in the preceding quarter. The development reflected, largely, the 13.7 and 5.6 per cent increase in net claims on the Federal Government and the private sector, respectively. Over the level at end-December 2010, aggregate banking system credit (net) to the domestic economy rose by 2.3 per cent due, largely, to the 4.5 and 1.5 per cent increase in net claims on the Federal Government and Private sector, respectively.

Banking system's credit (net) to the Federal Government, at end of the review quarter, rose by 13.7 per cent to negative N1, 070.8 billion, compared with the increase of 10.6 per cent in the preceding quarter. The development was accounted for, largely, by the increase in banking system's holdings of Federal Government securities, particularly FGN Bonds. Relative to the level at end-December 2010, banking systems claims (net) on the Federal Government rose by 4.5 per cent. The Federal Government, however, remained a net lender to

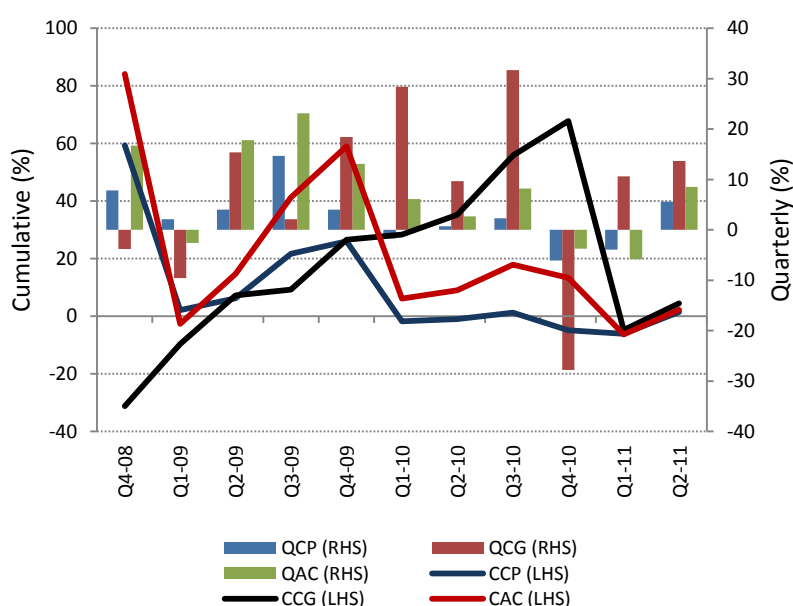
¹ QM1 and QM2 represent quarter-on-quarter changes, while CM1a and CM2 represent cumulative changes (year-to-date).

the banking system at the end of the review quarter.

At the end of second quarter 2011, banking system's credit to the private sector rose by 5.6 per cent to ₦9,979.2 billion, in contrast to the 3.9 per cent decline at the end of the preceding quarter. The development was attributed, largely, to CBN's claim on the sector. Banking system's claims on the private sector rose by 1.5 per cent over the level at end-December 2010, owing to the same reason above (Fig 2, Table 1).

Banking system credit to the private sector rose at the end of the second quarter of 2011.

Figure 2: Growth Rate of Aggregate Domestic Credit to the Economy²



At ₦6,453.7 billion, foreign assets (net) of the banking system declined by 7.6 per cent at the end of the second quarter of 2011, in contrast to the increase of 7.4 per cent at the end of the preceding quarter. The development was attributed to the decline of 14.0 per cent in CBN's holding of foreign assets. Over the level at end-December 2010, foreign assets (net) of banking system fell by 0.8 per cent.

Foreign assets (net) of the banking system declined at the end of the quarter under review.

Quasi-money rose by 4.9 per cent to ₦6,534.8 billion, compared with the growth of 4.6 per cent at the end of the

² QCP, QCG and QAC represent quarter-on-quarter changes in credit to private sector, credit to government (net) and aggregate credit (net) to the domestic economy, respectively, while CCP, CCG and CAC, represent the cumulative changes (year-to-date).

first quarter of 2011. The development reflected the rise in time and savings deposits. Over the level at end-December 2010, quasi-money rose by 9.8 per cent due, largely, to the same reason above.

Other assets (net) of the banking system grew by 10.1 per cent, to negative ₦3,184.8 billion, compared with the increase of 4.0 per cent at end-March 2011. The increase reflected, largely, the rise in unclassified assets of both the CBN and the DMBs. Over the level at end-December 2010, other assets (net) of the banking system rose by 13.7 per cent

Table 1: Growth in Monetary and Credit Aggregates (Percent)

	Jun-09	Mar-09	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11
Domestic Credit (Net)	13.1	17.8	2.7	8.1	-6.4	-9.8	8.5
Claims on Federal Government (Net)	-18.4	-15.4	-9.7	-31.1	9.3	-40.1	13.7
Claims on Private Sector	4.0	4.0	0.7	2.3	-4.9	-4.1	5.6
Claims on Other Private Sector	4.0	3.6	0.5	2.1	-5.4	-4.3	5.6
Foreign Assets (Net)	10.3	-5.7	-10.6	-0.5	0.8	7.4	-7.6
Other Assets (Net)	7.0	8.0	8.1	6.7	18.7	13.6	-10.1
Broad Money Supply (M2)	13.8	0.9	-1.5	3.5	2.7	1.1	4.5
Quasi-Money	12.5	6.0	-2.1	0.7	-0.3	4.6	4.9
Narrow Money Supply (M1)	15.5	-3.9	-0.7	-0.7	5.3	-2.6	4.0
<i>Memorandum Items:</i>							
Reserve Money (RM)	-2.3	-10.7	9.5	-12.4	37.2	-7.6	21.1

2.2 Currency-in-circulation (CIC) and Deposits at the CBN

At ₦1,353.98 billion, currency in circulation fell by 4.4 per cent at the end of the second quarter of 2011, in contrast to the increase of 2.8 per cent at the end of the preceding quarter. The development was attributed, largely, to the 8.6 per cent decline in currency outside the banking system due to seasonal factors.

Total deposits at the CBN amounted to ₦4,740.0 billion, indicating an increase of 1.2 per cent over the level at the end of the preceding quarter. The development reflected the 145.6 and 44.3 per cent increase in DMBs and private sector deposits, which more than offset the 12.9 per cent decline in Federal Government Deposit. Of the total deposits, the shares of the Federal Government, banks and "others" were ₦3,527.0 billion (74.4 per cent), ₦711.1 billion (15.0 per cent) and ₦501.9 billion (10.6 per cent), respectively.

Consistent with the trends in DMBs' deposits with the CBN, the CBN operating target, the reserve money (RM), increased by 21.1 per cent to ₦2065.1 billion, from ₦1705.9 billion at the end of the preceding quarter.

Reserve money (RM) increased at the end of the second quarter of 2011.

2.3 Money Market Developments

Following the upward review of the Monetary Policy Rate (MPR) by 50 basis points to 8.0 per cent, most financial market indicators trended upward during the review quarter. Consequently, the inter-bank call rates rose in all segments of the money market. Similarly, the increase in cash reserve ratio (CRR) to 4.0 per cent from 2.0 per cent in May, affected activities at the inter-bank fund market as DMBs reacted to the increased funds set aside to meet reserve averaging requirements. Request for the Bank's Standing Facilities was ₦12,513.8 billion when compared with ₦5,304.6 billion in the first quarter, 2011. Deposit Money Banks (DMBs) and Discount Houses (DHs) participated at all the primary auctions of NTBs and the Federal Government of Nigeria (FGN) Bonds, as subscription and yields on the securities remained high.

Provisional data indicated that the value of money market asset outstanding for the second quarter of 2011 was ₦4,994.3 billion, indicating an increase of 8.5 per cent, compared with 3.5 per cent at the end March 2011. The development was attributed to the 10.5 per cent and 6.9 per cent rise in FGN Bonds and NTB, respectively.

2.3.1 Interest Rate Developments

Available data indicated a general increase in banks deposit rates, while lending rates showed mixed developments in the second quarter of 2011. All rates on deposits of various maturities, including the average savings deposit rate, rose from a range of 1.47 – 5.38 per cent in the first quarter of 2011, to 1.48 – 7.16 per cent. Similarly, at 4.71 per cent, the average rate on term deposit increased by 0.6 percentage point over the level in the preceding quarter. The prime and maximum lending rate also rose by 0.1 and 0.3 percentage points to 15.81 and 22.15 per cent, respectively, in the second quarter.

All deposits of various maturities trended upwards in Q2 2011.

Consequently, the spread between the weighted average term deposit and maximum lending rates narrowed from 17.80

The spread between the weighted - average term deposit and maximum lending rates contracted.

All interbank money market rates, with the exception of the Nigeria Inter-bank offered rate trended upwards in Q2 2011

percentage points to 17.44 per cent, while the margin between the average savings deposit and the maximum lending rates widened from 20.41 per cent in the preceding quarter to 20.67 per cent. With headline inflation rate of 11.3 per cent at end-June 2011, all rates, with the exception of lending rates, were negative in real terms.

At the interbank call segment, the weighted average inter-bank call rate, which stood at 7.95 per cent at end-March 2011, rose by 2.69 percentage points to 10.64 per cent in the second quarter of 2011, reflecting the liquidity condition in the inter-bank funds market. The weighted average rate, at the Open Buy Back (OBB) segment increased from 7.20 per cent in the preceding quarter to 9.20 per cent at the end of review quarter. However, the Nigeria Inter-bank Offered Rate (NIBOR) for the 7- and 30- day tenors declined from 9.12 and 10.97 per cent in the first quarter of 2011 to 11.07 and 12.16 per cent, respectively, in the review quarter (Fig. 3, Table 2).

Figure 3: Selected DMBs Interest Rates(Average)

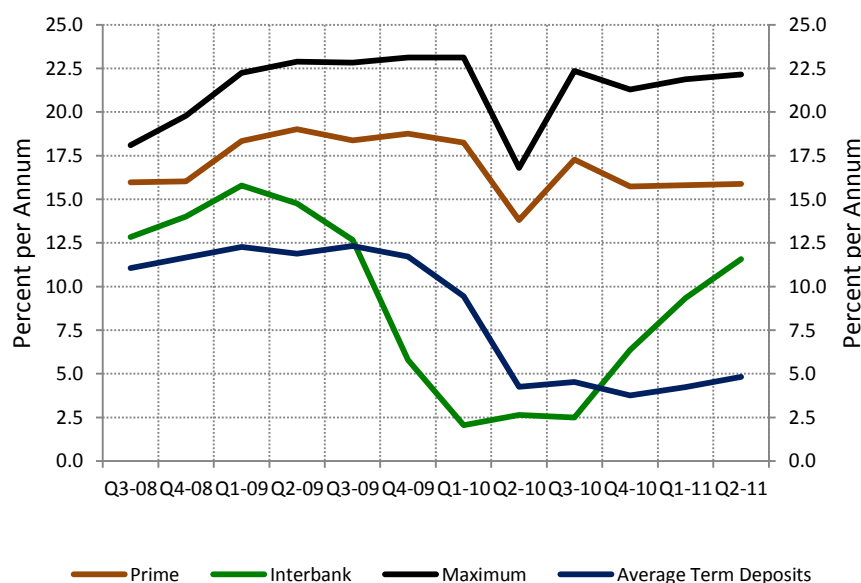


Table 2: Selected Interest Rates (Percent, Averages)

	Q3-09	Q4-09	Q1-10	Q2-10	Q3-10	Q4-10	Q1-11	Q2-11
Average Term Deposits	12.33	11.72	8.70	5.7	4.1	4.4	4.1	4.7
Prime Lending	18.38	18.6	18.86	18.5	17.0	15.7	15.8	15.8
Interbank	12.68	5.80	2.59	2.98	2.5	8.2	7.6	10.6
Maximum Lending	22.82	23.12	23.24	22.69	22.3	21.9	21.9	22.2

2.3.2 Commercial Paper (CP)

The value of Commercial Paper (CP) held by DMBs as a supplement to bank credit to the private sector declined by 6.2 per cent to ₦188.6 billion at the end of second quarter 2011, as against the increase of 6.3 per cent at the end of the preceding quarter. Thus, CP constituted 3.8 per cent of the total value of money market assets outstanding, compared with 4.4 per cent at the end of the preceding quarter.

Investment in CP by DMBs declined in the second quarter of 2011.

2.3.3 Bankers' Acceptances (BAs)

The value of BAs held by DMBs fell by 0.4 per cent to ₦60.0 billion at the end of the review quarter, similar to the decline of 24.0 per cent at the end of the preceding quarter. The development reflected the decline in investments by deposit money banks and discount houses. Consequently, BAs accounted for 1.2 per cent of the total value of money market assets outstanding at the end of the review quarter, compared with 1.3 per cent at the end of the preceding quarter.

DMBs' holdings of BAs fell during Q2 of 2011.

2.3.4 Open Market Operations (OMO)

Open market operations were conducted during the review quarter with a view to managing the money market liquidity effectively. The various maturities used for the mop up exercise, ranged from 28-202 days. Total sales was ₦97.5 billion, and comprised sales of ₦23.4 billion, ₦48.6 billion and ₦25.5 billion, in April, May and June 2011, while the bid rates ranged from 8.0-15.5 per cent, 8.4-10.8 per cent and 8.8-10.6 per cent, respectively. The issue rates for April, May and June 2011 were 9.1-9.3, 9.1-9.3 and 9.1-9.4 per cent, respectively.

2.3.5 Primary Market

NTBs of 91-, 182- and 364-day tenors amounting to ₦759.9 billion, ₦1938.9 billion and ₦759.9 billion were offered, subscribed to and allotted, respectively, in the second quarter of 2011. At the 91-day auction, total subscription and allotment were ₦504.5 billion and ₦242.4 billion, respectively, with bid rates ranging from 6.8 to 11.0 per cent, while issue rates were from 7.8-10.0 per cent. For the 182-day auction, total subscription and allotment were ₦883.9 billion and ₦317.5, respectively. The bid rates ranged from 7.4-12.0 per cent, while the issue rates ranged from 8.4-10.4 per cent. At the 364-day, total subscription and allotment were ₦550.7 billion and

Patronage at the primary market remained impressive due to market players' preference for risk-free government securities.

₦200.0 billion with bid rates at 8.4-14.0 per cent, while issue rates were from 9.0-10.0 per cent. Patronage at the primary market remained impressive and reflected the growing preference for government securities in view of the high yields obtainable and the need for the DMBs to increase their portfolio holdings of tradable securities.

2.3.6 Bonds Market

FGN Bonds of 3 and 5 year tranches were re-opened during the second quarter of 2011. The total amount offered, subscribed to and allotted for the 3-year tranche were ₦105.0 billion, ₦228.6 billion, and ₦105.0 billion, respectively, while ₦105.00 billion, ₦252.8 billion and ₦105.0 billion were offered, subscribed to and allotted for the 5-year tranche, respectively. Issue rates ranged between 11.0 - 12.1 per cent and 12.2- 13.2 per cent for the 3-year and 5-year tenors, respectively. The marginal rate for each of the tenors was significantly higher, compared with the preceding quarter due to the players expectation that rates should be higher for the Bonds taking due cognisance of the prevailing inflation rate. In the same vein, the FGN Bonds had consistently enjoyed markets players' patronage due, largely, to the fact that bonds often provide a hedge against interest rate fluctuations and are generally regarded as safe investments. The need to ensure tradability of the Bonds along the yield curve, especially at the short-end, also influenced subscription.

2.3.7 CBN Standing Facilities

The total Standing Lending Facility (SLF) granted during the review period was ₦12, 513.8 billion, compared with ₦5, 304.6 billion in the first quarter of 2011. The development was due, mainly, to the liquidity condition in the money market. Standing Deposit Facility (SDF), however, remained suspended, while the rates stood at 6.0 per cent and 10.0 per cent, for the standing deposit and lending facilities, respectively.

2.4 Deposit Money Banks' Activities

Available data indicated that at the end of the second quarter of 2011, the total assets and liabilities of the DMBs stood at ₦18,175.4 billion, representing an increase of 1.3per

Subscription for FGN Bonds of various maturities was impressive driven by market players' confidence in the economy and their perception about stable and attractive yields.

The MPR and SLF rates were 7.8 and, 10.0 per cent, while the remuneration of DMBs surplus in excess of CRR was 5.5 per cent

cent over the level at the end of the preceding quarter. The funds, which were sourced, largely, from the increase in their unclassified liabilities and draw-down on reserves, were used mainly in extension of credit to the private sector and increase in foreign assets holdings. Central Bank's credit to the DMBs, largely, loans and advances, rose by 2.7 per cent to ₦444.5 billion at the end of the review quarter.

DMBs' credit to the private sector rose in Q2 2011.

At ₦10,896.8 billion, DMBs' credit to the domestic economy rose by 0.72 per cent over the level in the preceding quarter. The development was attributed, largely, to the 11.5 per cent increase in net claims on the States and Local Government.

The liquidity ratio in June 2011 was 17.9 and below the stipulated minimum liquidity ratio by 12.1 percentage points. Loan-to-deposit ratio fell below the prescribed minimum by 35.1 percentage points.

Total specified liquid assets of the DMBs stood at ₦2,535.3 billion, representing 17.9 per cent of their total current liabilities. At that level, the liquidity ratio fell by 23.3 percentage points from the level at the end of the preceding quarter, and was 12.1 percentage points below the stipulated minimum ratio of 30.0 per cent. The loans-to-deposit ratio fell by 7.0 percentage points below the level at the end of the preceding quarter to 44.9 per cent, and was 35.1 percentage points below the prescribed minimum ratio of 80.0 per cent.

2.5 Discount Houses' Activities

Total assets/liabilities of the discount houses stood at ₦276.2 billion at the end of second quarter of 2011, indicating an increase of 2.3 over the level at the end of the preceding quarter, but a decline of 25.1 per cent from the level in the corresponding quarter of 2010. The rise in assets was accounted for, largely, by the 16.7 per cent increase in claims on others, reinforced by the 5.4 per cent increase in other assets. Correspondingly, the increase in total liabilities was attributed, largely, to the increase of 38.9 per cent in the level of other amounts owing to commercial banks, merchant banks, non-bank financial institutions and others during the period.

Discount houses' investment in Federal Government securities of less than 91-day maturity fell significantly by 48.1 per cent to ₦12.5 billion and represented 6.5 per cent of their total deposit liabilities. At this level, discount houses' investment was also 53.5 percentage points below the prescribed minimum level

of 60.0 per cent for fiscal 2011. Total borrowing by the discount houses was ₦42.1 billion, while their capital and reserves stood at ₦53.3 billion. This resulted in a gearing ratio of 0.9:1, compared with the stipulated maximum of 50:1 for fiscal 2011.

2.6 Capital Market Developments

2.6.1 Secondary Market

Available data indicated that activities on the Nigerian Stock Exchange (NSE) in the second quarter of 2011 were mixed. The volume and value of traded securities fell by 5.0 and 25.9 per cent to 24.3 billion shares and ₦159.1 billion, respectively, in 326,515 deals, compared with 26.1 billion shares, valued at ₦214.6 billion, in 407,248 deals in the preceding quarter. The banking sub-sector remained the most active on the Exchange with a traded volume of 10.3 billion shares, valued at ₦85.1 billion, in 178,687 deals. This was followed by the conglomerates sub-sector with a traded volume of 5.7 billion shares, valued at ₦12.6 billion in 15,015 deals.

Figure4: Volume and Value of Traded Securities

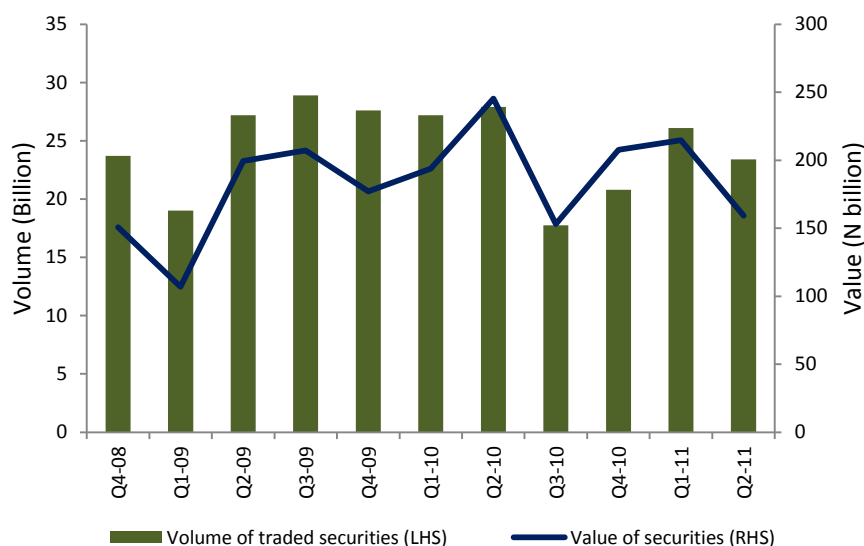


Table 3: Traded Securities on the Nigerian Stock Exchange (NSE)

	Q3-09	Q4-09	Q1-10	Q2-10	Q3-10	Q4-10	Q1-11	Q2-11
Volume (Billion)	28.9	27.6	27.2	27.3	17.7	20.8	26.1	24.3
Value (₦ Billion)	207.1	177.0	193.8	245.2	153.0	207.6	214.6	159.1

2.6.2 Over-the-Counter (OTC) Bonds Market

Transactions on the Over-the-Counter (OTC) bonds market, indicated a turnover of 3.51 billion units worth ₦4.7 trillion in 14,417 deals in the review quarter, compared with 2.6 billion units, valued at ₦6.9 trillion, in 16,336 deals in the first quarter.

2.6.3 New Issues Market

There were four (4) supplementary issues in the second quarter of 2011 namely; Unity Bank Plc., Smart Products Nigeria Plc, Great Nigeria Insurance Plc. and Oando Plc.

2.6.4 Market Capitalization

The market capitalization of the 210 listed securities rose by 41.8 per cent to ₦11.2 trillion over the preceding quarter's level. The equities sub-sector, accounted for 70.5 per cent (₦7.99 trillion) of the total market capitalization.

Market capitalization and All-Share Index trended upwards during Q2 2011.

2.6.5 NSE All-Share Index

The All-Share Index of listed securities, which opened at 24,621.2 at the beginning of the quarter, closed at 24,980.2, representing an increase of 1.5 per cent over the level in the preceding quarter. The NSE 30, Food/Beverage and Insurance rose by 3.6, 6.3 and 0.16 per cent, respectively, while the NSE Banking and NSE Oil/Gas indices fell by 4.2 and 5.5 per cent, respectively.

Figure 5: Market Capitalization and All-Share Index

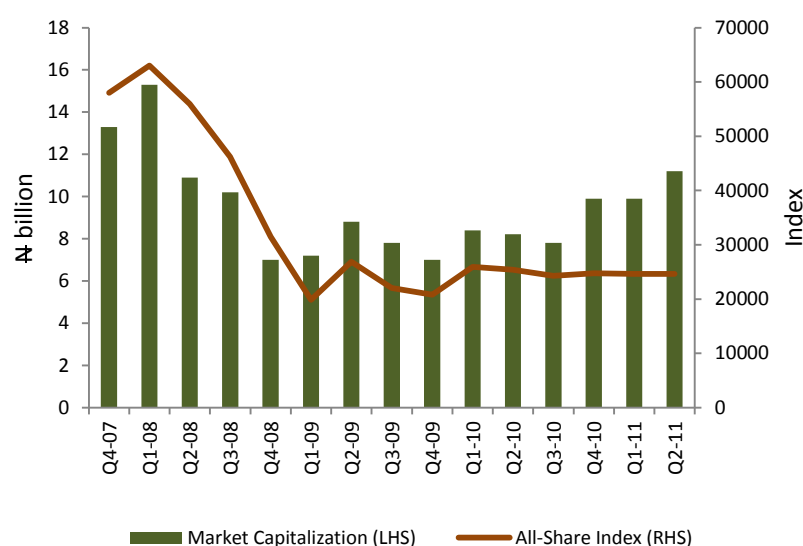


Table 4: Market Capitalization and All Share Index (NSE)

	Q1-09	Q2-09	Q3-09	Q2-10	Q3-10	Q4-10	Q1-11	Q2-11
Market Capitalization (N trillion)	7.2	8.8	7.8	8.2	7.8	9.9	9.9	11.2
All-Share Index (Equities)	19851.9	26861.6	22065.0	25384.1	24268.2	24770.5	24621.2	24980.2

3.0 Fiscal Operations

3.1 Federation Account Operations

Available data showed that total federally-collected revenue during the second quarter of 2011 stood at ₦2,433.23 billion, representing an increase of 2.6, 35.5 and 41.3 per cent, over the receipts in the preceding quarter, the proportionate budget provisions, and the level in the corresponding quarter of 2010, respectively (Fig. 6, Table 5).

Gross federally collected revenue rose by 35.5 per cent over the 2011 proportionate budget estimates for Q2.

Figure 6: Components of Gross Federally Collected Revenue

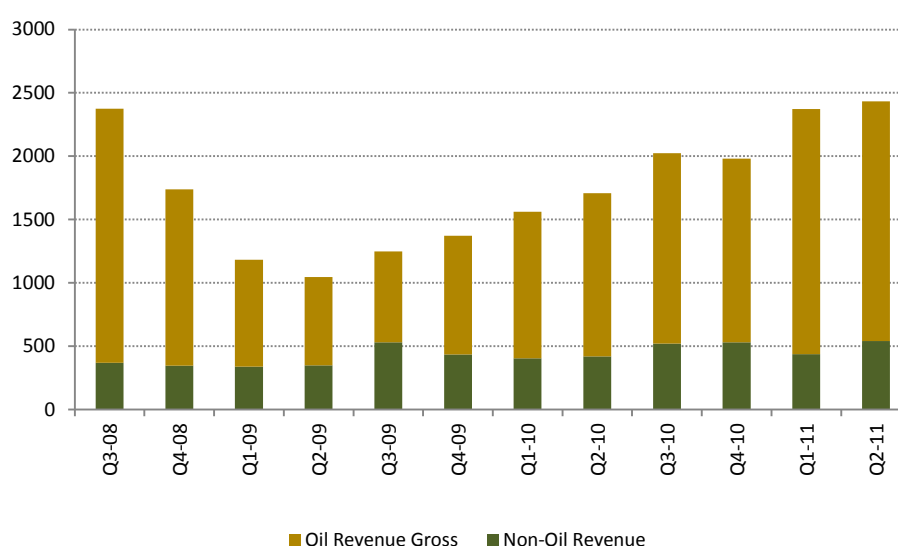
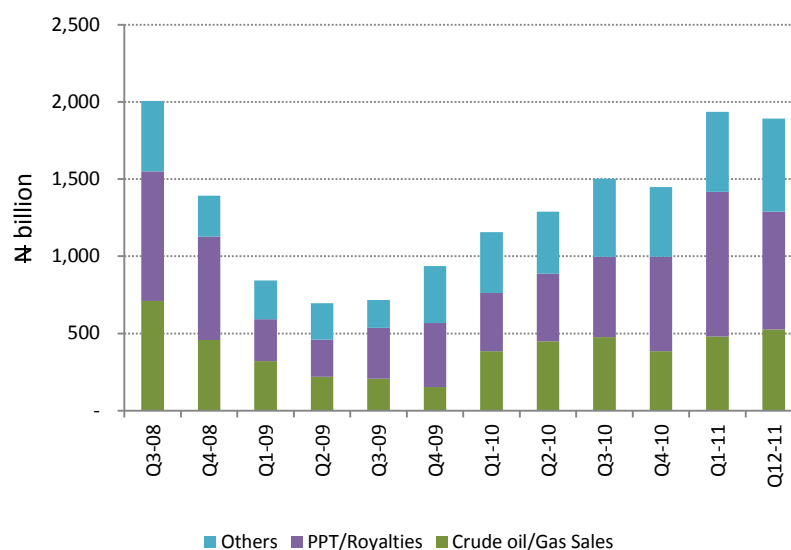


Table 5: Gross Federation Account Revenue (₦ billion)

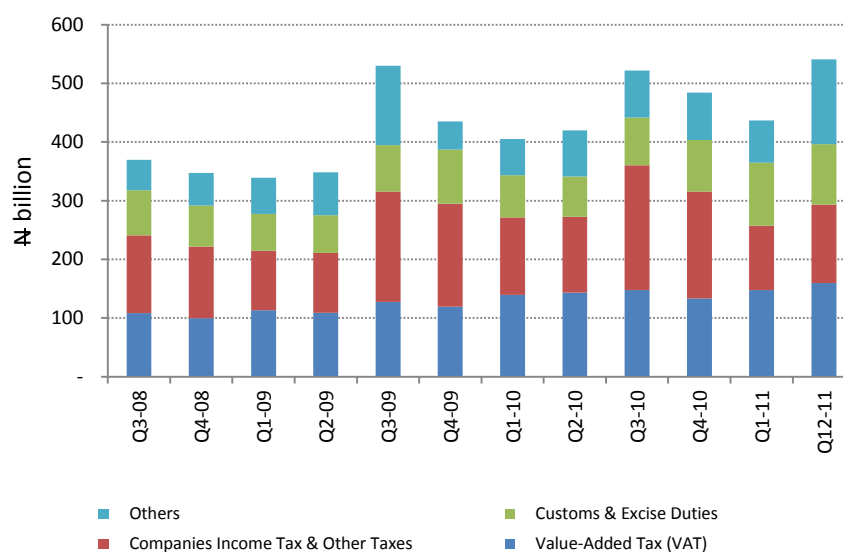
	Q3-09	Q4-09	Q1-10	Q2-10	Q3-10	Q4-10	Q1-11	Q2-11
Federally-collected revenue (Gross)	1246.9	1371.5	1554.3	1712.0	2023.6	1994.6	2372.3	2433.2
Oil Revenue	716.8	936.3	1156.7	1288.7	1502.0	1448.6	1935.6	1892.4
Non-Oil Revenue	530.1	435.2	397.5	423.3	521.5	546.0	436.6	540.9

At ₦1,892.38 billion, gross oil receipts, which constituted 77.8 per cent of the total, exceeded the proportionate budget estimate and the level in the corresponding quarter of 2010, by 51.9 and 46.8 per cent, respectively, but fell below the level in the preceding quarter by 2.2 percent. The increase in oil receipts relative to the proportionate budget estimate was attributed, largely, to the rise in crude oil price at the international market (Fig. 7, Table 6).

Figure 7: Gross Oil Revenue and Its Components**Table 6: Components of Gross Oil Revenue (₦ billion)**

	Q3-09	Q4-09	Q1-10	Q2-10	Q3-10	Q4-10	Q1-11	Q2-11
Oil Revenue	716.8	936.3	1156.7	1288.7	1502.0	1448.6	1935.7	1892.4
Crude oil/Gas Sales	205.9	151.9	384.8	449.5	476.1	385.8	481.1	526.6
PPT/Royalties	329.4	414.9	376.5	436.7	520.1	611.4	935.9	763.1
Others	181.4	369.4	394.1	402.4	505.8	450.5	517.8	602.8

Non-oil receipts, at ₦540.85 billion (22.2 per cent of the total), was lower than the proportionate budget estimate by 1.7 per cent, but was above the level in the preceding quarter and the corresponding quarter of 2010, by 23.8 and 24.9 per cent, respectively. The improvement in oil revenue relative to the preceding period was reflected, largely, the increase in all its major components (Fig.8, Table 7).

Figure 8: Gross Non-Oil Revenue and Its Components**Table 7: Components of Gross Non-Oil Revenue (₦ billion)**

	Q3-09	Q4-09	Q1-10	Q2-10	Q3-10	Q4-10	Q1-11	Q2-11
Non-Oil Revenue	530.1	435.2	397.5	423.3	512.5	546.0	436.6	540.9
Value-Added Tax (VAT)	127.1	119.1	139.2	143.1	147.3	133.1	147.4	159.7
Companies Income Tax & Other Taxes	188.6	175.8	132.2	129.3	213.2	182.6	109.8	133.5
Customs & Excise Duties	78.6	92.0	72.0	68.7	81.0	87.5	107.7	102.9
Others	135.7	48.3	61.4	82.2	80.1	80.3	71.8	144.8

As a percentage of projected second quarter 2011 nominal GDP, oil and non-oil revenue were 23.8 and 6.8 per cent, respectively.

Of the gross federally-collected revenue during the review quarter, the sum of ₦1,059.92 billion (after accounting for all deductions and transfers) was transferred to the Federation Account for distribution among the three tiers of government and the 13.0% Derivation Fund. The Federal Government received ₦501.11 billion, while the states and local governments received ₦254.17 billion and ₦195.95 billion, respectively. The balance of ₦108.69 billion went to the 13.0% Derivation Fund for sharing by the oil-producing states. Also, the Federal Government received ₦23.00 billion, while the state and local governments received ₦76.65 billion and ₦53.66 billion, respectively, from the VAT Pool Account. Furthermore, the sum of ₦265.99 billion was drawn from the excess crude account to bridge the short-fall in revenue for the period. Thus, the total allocation to the three tiers of government in the first quarter amounted to ₦1,589.80 billion,

Federally collected revenue (net) at ₦105.92 was distributed by the three tiers of government and the 13.0% Derivation Fund

representing, an increase of 13.4 per cent over the quarterly proportionate budget estimate.

3.2 The Fiscal Operations of the Three Tiers of Government

3.2.1 The Federal Government

Federal Government estimated retained revenue and the estimated aggregate expenditure were lower than their respective quarterly budget estimates for 2011.

At ₦734.98 billion, the Federal Government retained revenue for the second quarter of 2011 was lower than the proportionate budget estimate and the receipts in the corresponding quarter of 2010 by 12.2 and 11.2 per cent, respectively. However, it was significantly higher than the receipts in the preceding quarter by 26.3 per cent. Of this amount, the Federal Government share from the Federation Account was ₦501.10 billion, VAT Pool Account ₦23.00 billion, FGN Independent Revenue ₦103.39 billion, Excess Crude Account ₦94.49 billion, while “others” accounted for ₦13.00 billion, respectively (Fig. 9, Table 8).

Figure 9: Federal Government Retained Revenue

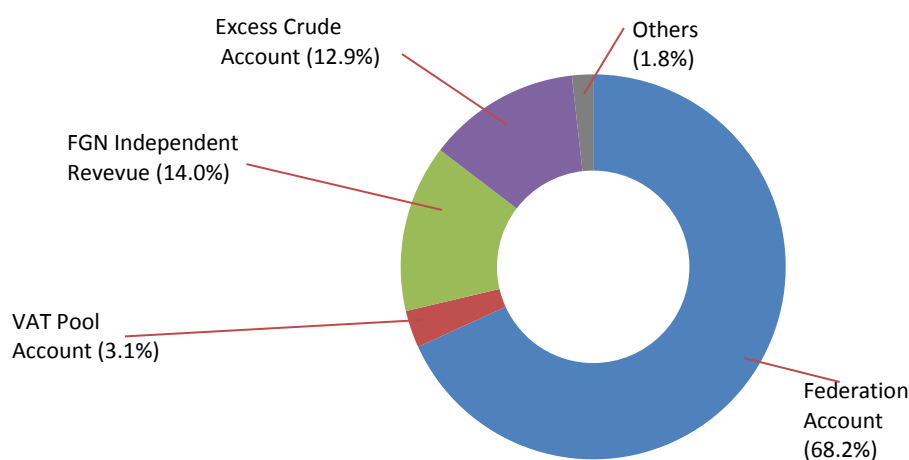


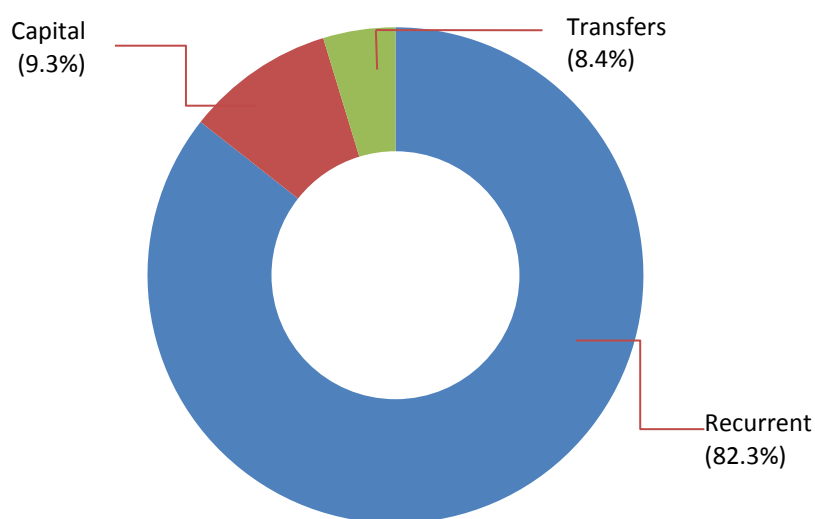
Table 8: Federal Government Fiscal Operations (₦ billion)

	Q1-09	Q2-09	Q1-10	Q2-10	Q3-10	Q4-10	Q1-11	Q2-11
Retained Revenue	701.7	519.4	562.9	827.7	827.7	783.8	585.9	735.0
Expenditure	669.1	894.7	840.4	977.7	1028.2	1499.6	872.5	912.5
Overall Balance: Surplus(+)/Deficit(-)	32.6	-375.3	-277.5	-150.0	-150.0	-715.8	-286.6	-177.5

At ₦912.50 billion, total expenditure for the second quarter of 2011 was lower than the proportionate budget estimate and the level in the preceding quarter as well as the level in the corresponding quarter of 2010 by 31.5, 2.1 and 6.7 per cent,

respectively. The fall in total expenditure relative to the proportionate budget estimate was attributed, largely, to the delayed disbursement of capital outlay. Analysis of the total expenditure showed that the recurrent component accounted for 82.3 per cent, capital 9.3 per cent, while statutory transfers absorbed the balance of 8.4 per cent (Fig. 10).

Figure 10: Federal Government Expenditure



The fiscal operations of the FG resulted in an estimated deficit of 2.2 per cent of GDP in Q2 2011.

The fiscal operations of the Federal Government in the second quarter of 2011, resulted in an estimated deficit of ₦177.52 billion or 2.2 per cent of GDP, compared with the quarterly budgeted deficit of ₦494.95 billion and actual deficit of ₦286.61 billion in the preceding quarter of 2010. The deficit was financed mainly from domestic sources, particularly through the issuance of additional FGN Bonds and Treasury Bills.

3.2.2 Statutory Allocations to State Governments

Total statutory allocations to the state governments stood at ₦476.87 billion in the second quarter of 2011. This represented an increase of 9.4 and 20.8 per cent, over the levels in the preceding quarter and the corresponding quarter of 2010, respectively.

Further breakdown showed that, at ₦76.55 billion, receipts from the VAT Pool Account increased by 8.3 per cent over the

level in the preceding quarter, while receipts from the Federation Account stood at ₦400.22 billion. On a monthly basis, the sums of ₦155,357.91 billion, ₦160,436.88 billion and ₦161,077 billion were allocated to the 36 states in April, May and June 2011, respectively.

3.2.3 *Statutory Allocations to Local Government Councils*

Total receipts by the local governments from the Federation and VAT Pool Accounts during the secondquarter of 2011, stood at ₦298.63 billion. This amount was higher than the levels in the preceding quarter and the corresponding quarter of 2010 by 18.7 and 4.8 per cent, respectively. Of the total amount, allocation from the Federation Account was 82.0 per cent, while VAT Pool Account accounted for the balance of 18.0 per cent. On a monthly basis, the sums of ₦88.07 billion, ₦91.12 billion and ₦119.43 billion were allocated to the 774 local governments in April, May and June 2011, respectively.

4.0 Domestic Economic Conditions

Aggregate output growth (estimate) measured by the real gross domestic product (GDP) grew by 7.9 per cent, compared with 7.4 per cent in the preceding quarter. The development was attributed to the 8.8 per cent growth in the non-oil sector. Crude oil production was estimated at 2.19 million barrels per day (mbd) or 199.29 million barrels for the quarter. The end-period inflation rate for the second quarter of 2011, on year-on-year basis, was 10.2 per cent, compared with 12.8 and 14.1 per cent in the preceding quarter and the corresponding quarter of 2010, respectively. The inflation rate on a 12-month moving average basis was 12.3 per cent, compared with the 13.0 and 13.1 per cent in the preceding quarter and corresponding period of 2010, respectively.

4.1 Aggregate Output

Aggregate output (estimate) in the second quarter measured by gross domestic product (GDP), at 1990 basic prices, grew by 7.9 per cent, compared with 7.4 per cent recorded in the preceding quarter. The development was attributed, largely to the 8.8 per cent growth in the non-oil sector. Relative to the corresponding quarter of 2010, the real GDP grew, at approximately, 7.7 per cent.

Real non-oil GDP stood at 8.8 per cent and accounted for 85.0 per cent of total GDP in the review quarter. Real oil GDP, comprising crude petroleum and natural gas grew by 3.4 per cent when compared with the level at the preceding quarter of 2011 and accounted for 15.0 per cent of the total GDP. (Fig. 11, Table 9).

Figure 11: Real GDP Growth Rate and Share of Oil and Non-oil in GDP

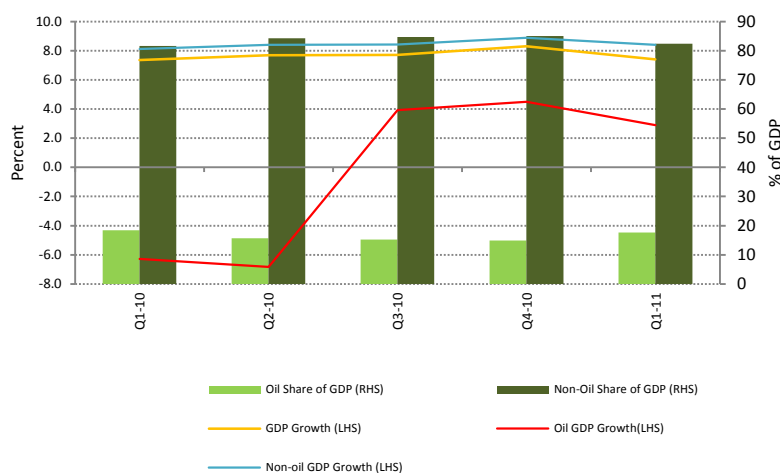


Table 9: Growth Rate of Real GDP and Sectoral Shares (Percent)

	Q2-10	Q3-10	Q4-10	Q1-11	Q2-11
Growth Rate (%)					
Real GDP	7.7	7.7	8.3	7.4	7.9
<i>Oil (Crude Petroleum/Natural Gas)</i>	-6.8	3.9	4.5	2.9	3.4
<i>Non-oil</i>	8.4	8.4	8.9	8.4	8.8
Share in Real GDP (%)					
Real GDP	100.0	100.0	100.0	100.0	100.0
<i>Oil (Crude Petroleum/Natural Gas)</i>	15.7	14.9	14.9	17.6	15.0
<i>Non-Oil</i>	84.3	85.1	85.1	82.4	85.0

4.2 Agricultural Sector

Agricultural activities during the review quarter were dominated by intense cultivation and harvest of crops such as maize and vegetables. In the livestock sub-sector, farmers were engaged with re-stocking of broilers and layers to replenish sales during the Easter festival.

A total of ₦1, 223.1million was guaranteed to 7,977 farmers under the Agricultural Credit Guarantee Scheme (ACGS) in the second quarter of 2011. This represented an increase of 26.2 per cent and 108.9 per cent above the levels in the preceding quarter and the corresponding quarter of 2010, respectively.

A sub-sectoral analysis of the loans guaranteed indicated that the food crops sub-sector received the largest share of

₦802.5million (65.6 per cent) for 6,597 beneficiaries, while the livestock sub-sector got ₦224.9 million (18.4 per cent) for 494 beneficiaries. Also, 220 beneficiaries in the fisheries sub-sector obtained ₦87.9 million (7.2 per cent) while ₦20.3 million (1.7 per cent) was disbursed to 73 beneficiaries in the cash crop sub-sector. 'Others' sub-sector obtained ₦78.1 million (6.4 per cent) guaranteed to 547 beneficiaries. Further analysis showed that, with the exception of Jigawa and Taraba States, all the other 35 states (including the FCT) benefited from the scheme during the quarter. The highest and lowest sums of ₦206.8 million (16.9 per cent) and ₦04 million (0.04 per cent) went to Katsina and Cross River states, respectively.

At end-March 2011, the total amount released by the CBN under the Commercial Agriculture Credit Scheme (CACS) to the participating banks for disbursement stood at ₦139 billion (for one hundred and thirty nine projects). The beneficiaries included eighteen state governments (Table 10).

Table 10: Disbursement of Credit Under the Commercial Agriculture Credit Scheme (CACS)

S/N	Participating Banks	Amount Disbursed (₦ billion)	Number of Projects/State Governments
1	United Bank for Africa (UBA) Plc	37.46	36
2	Union Bank of Nigeria Plc	16.15	18
3	Zenith Bank	13.84	10
4	First Bank of Nigeria Plc	11.92	29
5	Skye Bank Plc	10.67	7
6	Stanbic IBTC Bank	6.54	15
7	Unity Bank Plc	6	4
8	GT Bank Plc	5.25	7
9	Access Bank Plc	5.18	6
10	Fidelity Bank Plc	4.5	4
11	Oceanic Bank Plc	2	1
12	Citibank	1.5	1
12	Diamond Bank Plc	1	1
	TOTAL	122.01	139

The retail prices of most staples recorded increase in the second quarter of 2011. The retail prices of fourteen commodities monitored by the CBN, recorded increase over their levels in the preceding quarter. These ranged from 0.2 per cent for yam flour to 5.1 per cent for white maize. Eggs (medium), brown beans, white garri and palm oil, however, recorded a price decline of 0.5, 1.1, 1.2, and 5.4 per cent, respectively. The rise in the price of most staples was attributed to seasonality factors.

The retail prices of most staples rose during Q2 2011.

4.3 Industrial Production

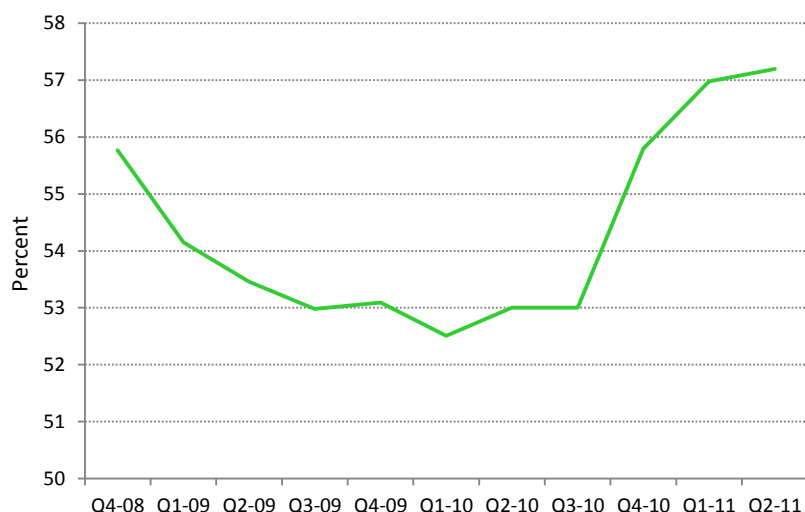
There was an improvement in industrial activities during Q2 2011 due to increased activities in all the sub-sectors.

Industrial capacity utilization was estimated to have increased by 0.2 percentage points relative to the level in the corresponding period of 2010.

Industrial activities during the second quarter of 2011 indicated an improvement relative to the preceding quarter. At 128.8(1990=100), the estimated index of industrial production, rose by 1.4 and 6.4 per cent, over the levels in the preceding quarter and the corresponding quarter of 2010, respectively. The development reflected the increased activities in all the sub-sectors.

The estimated index of manufacturing production, at 99.26 (1990=100), increased by 0.8 and 5.7 per cent, over the levels in the preceding quarter and the corresponding period of 2010, respectively. The estimated capacity utilization also increased to 57.2 per cent during the review quarter, compared with 57.0 percent in the corresponding period of 2010. The development was attributed to the increase in business confidence due to relative economic stability in the review period. (Fig. 12, Table 11).

Figure 12: Capacity Utilization Rate



At 141.2 (1990=100), the index of mining production increased by 0.8 and 7.4 per cent over the levels in the preceding quarter and the corresponding quarter of 2010, respectively. The increase was accounted for by the improvement in crude oil and gas production as a result of sustained peace in the Niger Delta.

At 3,256.3MW/h, estimated average electricity generation increased by 2.1 per cent, over the level in the preceding quarter. The development resulted from the increase in gas supply to the thermal stations, as well as the increase in water level at the hydro stations.

At 2,976.96 MW/h, estimated average electricity consumption, rose by 2.3 per cent over the level in the preceding quarter. The development was attributed to the increase in electricity generation and consequently increases in power supply (Fig. 13, Table 11).

Average electricity generation and consumption increased during the quarter under review.

Figure 13: Index of Industrial Production (1990=100)

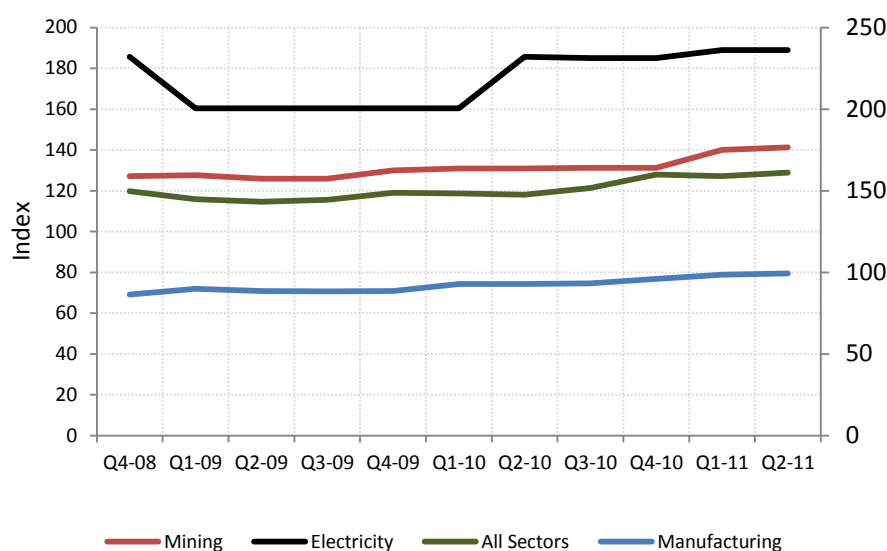


Table 11: Index of Industrial Production and Manufacturing Capacity Utilization Rate

	Q2-09	Q3-09	Q4-09	Q1-10	Q3-10	Q4-10	Q1-11	Q2-11
All Sectors (1990=100)	115.9	114.6	115.6	117.5	121.4	127.9	127.2	128.8
Manufacturing	89.9	88.6	88.4	88.6	93.2	95.9	98.5	99.3
Mining	127.6	125.9	125.9	129.9	131.2	131.2	140.1	141.2
Electricity	160.4	160.4	160.4	160.4	185.0	185.0	200.5	204.8
Capacity Utilization (%)	54.2	53.5	53.0	53.1	53.2	55.8	57.0	57.2

4.4 Petroleum Sector

Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at 2.19million barrels per day (mbd) or 199.29 million barrels for the second quarter of 2011, compared with 2.09mbd or (188.1 million barrels) in the preceding quarter. This represented an increase in production level by 0.10 mbd or 4.8 per cent. Consequently, crude oil export was estimated at 1.74mbd or 158.34 million barrels in the

Crude oil and natural gas production rose by 4.8 per cent, to 2.19mbd during Q2 2011.

Crude oil export also recorded an increase in Q2 2011.

Average crude oil prices, including Nigeria's reference crude, Bonny Light (37° API), rose in the international crude oil market in Q2 2011.

review period, compared with 1.64mbd in the preceding quarter. The increase was attributed to the reopening of Shell's Bonga Oil and Gas field, which accounts for about 10.0 per cent of the country's daily output. Deliveries to the refineries for domestic consumption remained at 0.45 mbd (40.95 million barrels).

At an estimated average of US\$120.83 per barrel, the price of Nigeria's reference crude, the Bonny Light (37° API) rose by 13.3 per cent, over the level in the preceding quarter. The average prices of other competing crudes namely, the West Texas Intermediate, the U.K Brent and the Forcados also rose, to US\$102.61, US\$118.51 and US\$121.51 per barrel, respectively. Similarly, the average price of OPEC's basket of eleven crude streams also rose by 10.2 per cent over the level in the preceding quarter to US\$110.31. The development was attributed, largely, to the lingering political unrest in some parts of North Africa and the Middle East, which affected output (Fig. 14, Table 12).

Figure 14: Trends in Crude Oil Prices

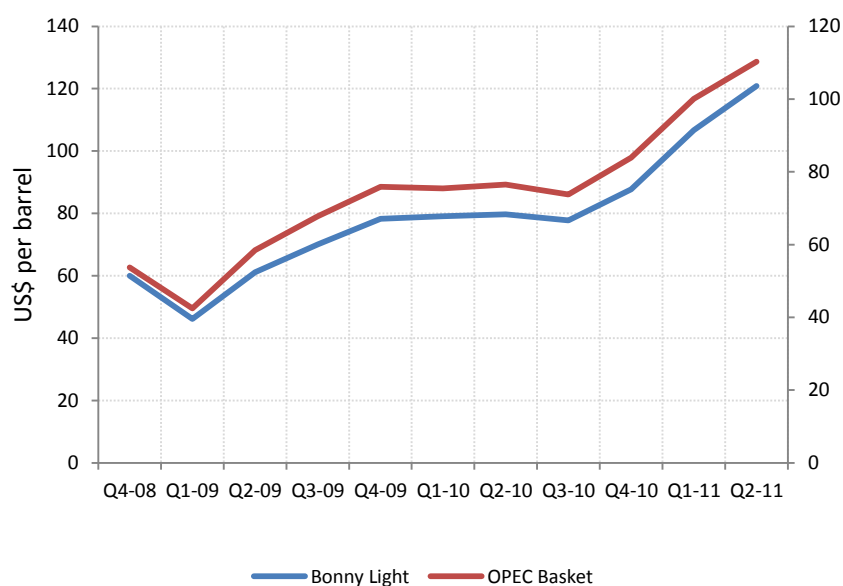


Table 12: Average Crude Oil Prices in the International Oil Market

	Q2-09	Q3-09	Q4-09	Q1-10	Q3-10	Q4-10	Q1-11	Q2-11
Bonny Light	46.15	61.14	70.05	78.74	77.81	87.74	106.66	120.83
OPEC Basket	42.50	58.51	67.78	75.45	73.76	83.86	100.06	110.31

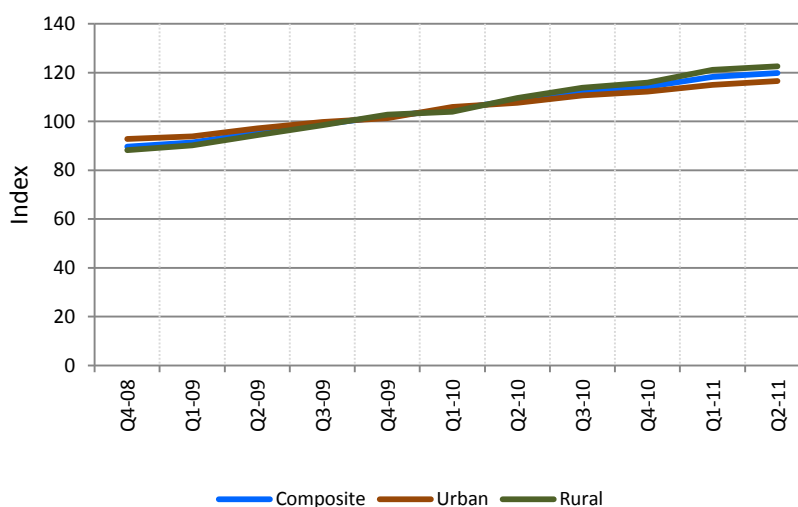
4.5 Consumer Prices³

Available data showed that the all-items composite Consumer Price Index (CPI) at the end of the second quarter of 2011, was 119.9(November 2009=100), representing an increase of 1.2 and 10.2 per cent over the levels in the preceding quarter and the corresponding quarter of 2010, respectively. The development was attributed, largely, to the increase in the prices of imported food items and non-alcoholic beverages.

The general price level rose in Q2 2011 relative to Q1 2011, on account of the increase in the price of imported food items and non-alcoholic beverages.

The urban all-items CPI at the end of the second quarter of 2011, was 116.6(November 2009=100), indicating an increase of 1.39 and 8.3 per cent over the levels in the preceding quarter and the corresponding quarter of 2010, respectively. Similarly, the rural all-items CPI at the end of the quarter, at 122.6 (November 2009=100), represented an increase of 1.2 and 11.7 per cent over the levels in the preceding quarter and the corresponding quarter of 2010, respectively(Fig. 15, Table 13).

Figure 15: Consumer Price Index



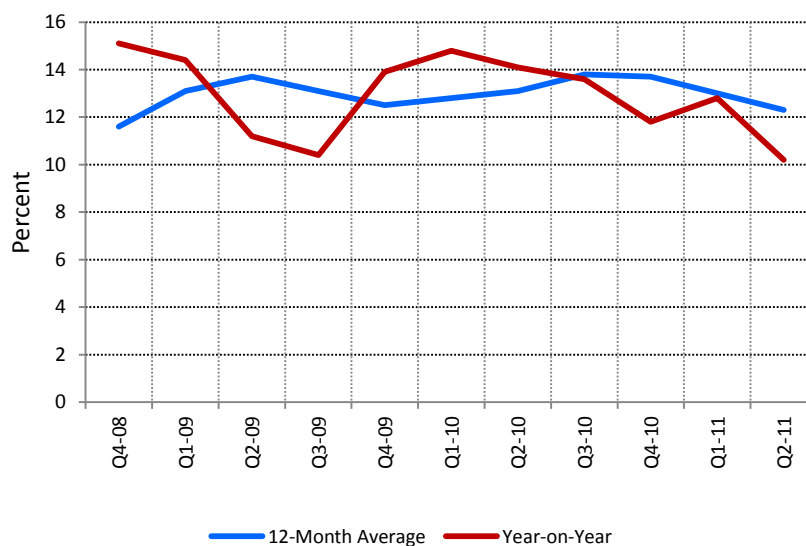
³New CPI with November 2009 = 100 as base and new weight based on the 2003/2004 Nigeria Living Standard Survey (NLSS) was released by the National Bureau of Statistics (NBS) on 18th October 2010.

Table 13: Consumer Price Index (November 2009=100)

	Q3-09	Q4-09	Q1-10	Q2-10	Q3-10	Q4-10	Q1-11	Q2-11
Composite	98.9	102.2	104.9	108.8	112.4	114.2	118.3	119.9
Urban	99.8	101.4	106.0	107.7	110.6	112.2	115.0	116.6
Rural	98.5	102.8	104.0	109.6	113.8	115.9	121.1	122.6

The headline inflation (y-o-y) increased by 0.1 percentage point, in Q1 2011.

The end-period inflation rate for the second quarter of 2011, on a year-on-year basis, was 10.2 per cent, compared with 12.8 and 14.1 per cent in the preceding quarter and the corresponding quarter of 2010, respectively. The inflation rate on a twelve-month moving average basis for the second quarter of 2011 was 12.3 per cent, compared with 13.0 and 13.1 per cent in the preceding quarter and the corresponding quarter of 2010, respectively (Fig. 16, Table 14).

Figure 16: Inflation Rate**Table 14: Headline Inflation Rate (%)**

	Q3-09	Q4-09	Q1-10	Q2-10	Q3-10	Q4-10	Q1-11	Q2-11
12-Month Moving Average	13.1	12.5	12.8	13.1	13.8	13.7	13.0	12.3
Year-on-Year	10.4	13.9	14.8	14.1	13.6	11.8	12.8	10.2

5.0 External Sector Developments

Provisional data indicated that foreign exchange inflow through the CBN in the second quarter of 2011 declined by 17.4 per cent below the level in the preceding quarter, but rose by 37.0 per cent over the level in the corresponding quarter of 2010. Outflow of forex through the CBN rose by 14.8 and 35.9 per cent over the levels in the preceding quarter and the corresponding quarter of 2010, respectively. Total non-oil export receipts by banks rose by 16.8 per cent above the level in the preceding quarter. The average Naira exchange rate vis-à-vis the US dollar, depreciated by 0.9, 1.4 and 1.2 per cent to N152.04, N156.11 and N153.48 per dollar at the Wholesale Dutch Auction System (WDAS), Bureau De Change (BDC) and Interbank segments of the market, respectively. The gross external reserves rose by 2.7 per cent over the level in the preceding quarter.

5.1 Foreign Exchange Flows

Foreign exchange inflow and outflow through the CBN in the second quarter of 2011 amounted to US\$8.85 billion and US\$10.97 billion, respectively, resulting in a net outflow of US\$2.12 billion. Relative to US\$10.72 billion and US\$9.56 billion in the preceding quarter, inflow fell by 17.4 per cent, while outflow rose by 14.8 per cent, respectively. The fall in inflow was attributed to the 12.4 and 63.6 per cent decline in oil and non-oil receipts, while outflow rose largely due to the 17.0 per cent increase in WDAS utilization (Fig. 17, Table 15).

Foreign exchange inflow fell by 17.39 per cent, while outflow through the CBN rose by 14.75 per cent when compared with the levels at the preceding quarter.

Figure 17: Foreign Exchange Flows Through the CBN

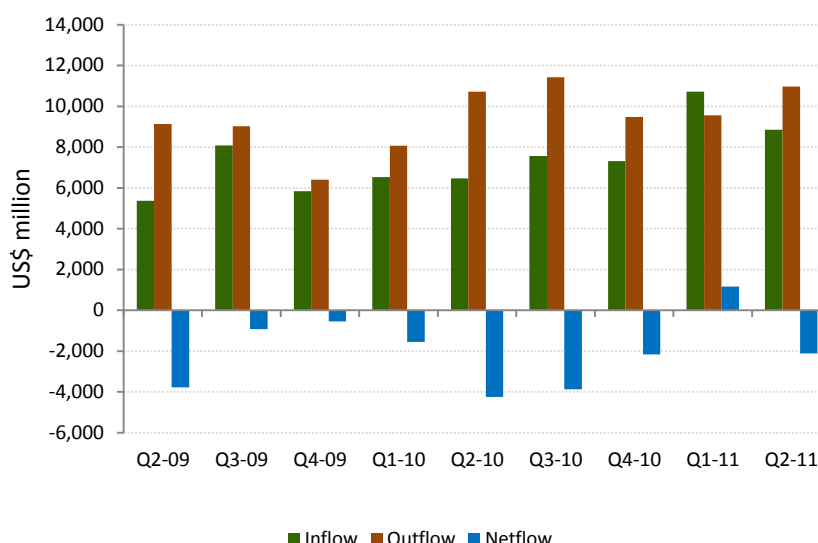


Table 15: Foreign Exchange Flows Through the CBN (US\$ million)

	Q2-09	Q3-09	Q4-09	Q1-10	Q3-10	Q4-10	Q1-11	Q2-11
Inflow	5724.6	5359.6	8083.0	5840.7	7557.0	7310.0	10719.4	8854.9
Outflow	11255.7	9135.1	9014.9	6396.3	11424.1	9468.9	9560.4	10970.6
Netflow	-5531.1	-3775.5	-931.9	-555.6	-3867.1	-2158.9	1158.9	-2115.6

Available data on aggregate foreign exchange flows through the economy indicated that total inflow amounted to US\$23.98 billion, representing a decline of 11.30 per cent below the level in the preceding quarter, but was above the level in corresponding quarter of 2010 by 37.7 per cent. Oil sector receipts, which accounted for 35.4 per cent of the total, stood at US\$8.5 billion, compared with the respective levels of US\$9.7 billion and US\$6.2 billion in the preceding quarter and the corresponding quarter of 2010.

Non-oil public sector inflows, which accounted for 1.6 per cent of the total foreign exchange flows, fell significantly, from the preceding quarter's level by 63.6 per cent, while autonomous inflow, which accounted for 63.0 per cent, declined by 7.3 per cent from the preceding quarter's level.

At US\$11.4 billion, aggregate foreign exchange outflow from the economy increased by 14.9 and 15.9 per cent over the levels in the preceding quarter and the corresponding quarter of 2010, respectively. The development, relative to the

Autonomous inflows into the economy declined by 7.3 per cent, in Q2 2011 relative to the preceding quarter.

preceding quarter, was accounted for, largely, by the increase in WDAS Utilization.

5.2 Non-Oil Export Earnings by Exporters

Total non-oil export earnings, at US\$518.11 million, fell by 33.4 and 17.4 per cent over the levels in the preceding quarter and the corresponding quarter of 2010, respectively. The development was attributed, largely, to the fall in the prices of the commodities traded at the international market. A breakdown of the proceeds showed that, industrial, manufactured products, mineral, agricultural products, food products and transport earned US\$234.04 million, US\$119.0 million, US\$95.54 million, US\$59.62 million, US\$9.67 million, and US\$0.26 million, respectively.

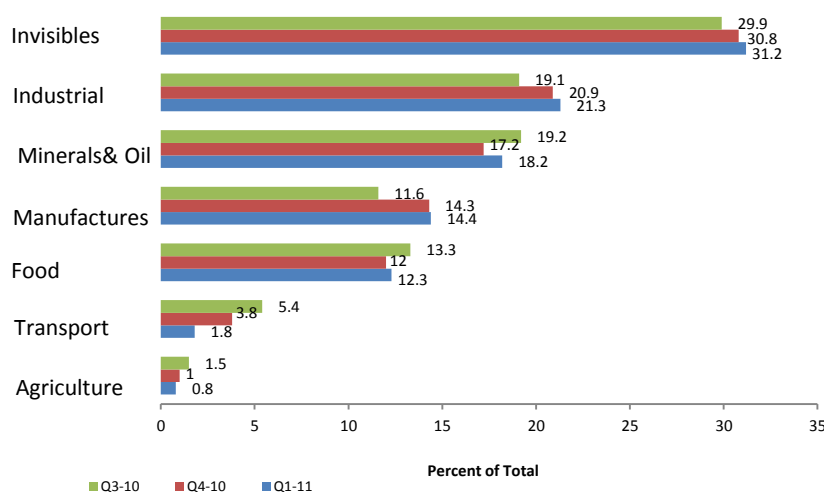
The shares of industrial, manufactured products, mineral, agricultural products, food products and transport in non-oil export proceeds were 45.0, 23.0, 18.5, 11.5, 1.9 and 0.1 per cent, respectively.

5.3 Sectoral Utilisation of Foreign Exchange

The minerals and oil sector accounted for the bulk (30.1 per cent) of total foreign exchange disbursed in the second quarter of 2011, followed by invisible sector (21.3 per cent). Other beneficiary sectors, in a descending order included: industrial sector (19.0), food products (13.5 per cent), manufactured product (11.2 per cent) transport (4.5 per cent) and agricultural products (0.4 per cent) (Fig.18).

Total non-oil export earnings by exporters declined during the second quarter of 2011 on account of a decrease in the prices of most traded commodities.

The oil sector accounted for the bulk of the total foreign exchange disbursed during Q2 2011.

Figure 18: Sectoral Utilisation of Foreign Exchange

Demand for foreign exchange by authorized dealers rose significantly during Q2 2011, relative to the level in Q1 2011 and the corresponding period of 2010.

5.4 Foreign Exchange Market Developments

Foreign exchange demand by the authorized dealers stood at US\$10.59 billion, indicating an increase of 9.3 and 14.3 per cent over the levels in the preceding quarter and the corresponding period of 2010, respectively. The sum of US\$9.17 billion, excluding inter-bank sales and swaps, was sold by the CBN, indicating an increase of 17.0 per cent over the level in the preceding quarter (Fig. 19, Table 16).

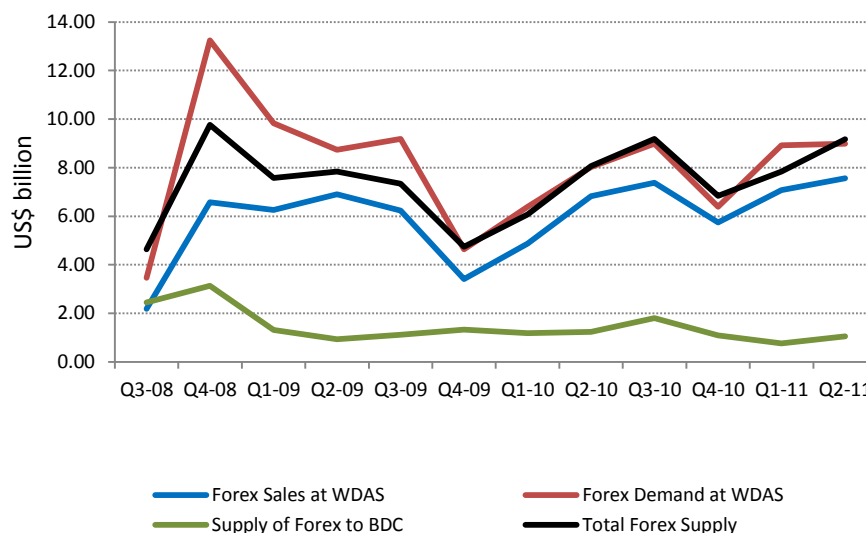
Figure 19: Demand for and Supply of Foreign Exchange

Table 16: Demand for and Supply of Foreign Exchange (US\$ billion)

	Q3-09	Q4-09	Q1-10	Q3-10	Q4-10	Q1-11	Q2-11
Forex Sales at WDAS	6.3	6.9	4.9	7.4	5.7	7.1	7.6
Forex Demand at WDAS	9.8	8.7	6.4	9.0	6.3	8.9	9.0
Supply of Forex to BDC	1.3	0.9	1.2	1.8	1.1	0.7	1.1
Total Forex Supply(BDC and WDAS)	7.6	7.8	7.3	6.1	9.2	6.8	7.8

Under the WDAS, the average exchange rate of the Naira vis-à-vis the US dollar depreciated by 1.5 per cent to ₦154.41 per US dollar from ₦152.04 in the preceding quarter. It also depreciated by 2.8 per cent relative to the level in the corresponding quarter of 2010. In the bureaux-de-change segment of the market, the naira traded at an average of ₦157.77 per US dollar, compared with ₦156.11 per US dollar in the preceding quarter. In the interbank segment, the Naira exchanged for an average of ₦155.48 to the US dollar in the second quarter of 2011, compared with ₦153.48 and ₦151.06 per US dollar in first quarter of 2010 and the corresponding quarter of 2010, respectively (Fig. 20, Table 17).

The premium between the WDAS and the bureaux-de-change rates narrowed from 2.6 per cent in the preceding quarter to 2.1 per cent, while that between the WDAS and interbank also narrowed from 0.9 per cent in the preceding quarter to 0.7 per cent (Fig. 21, Table 16).

The Naira exchange rate vis-à-vis the US dollar depreciated at the WDAS, BDC and interbank segments of the foreign exchange market in Q2 2011.

The premium between the WDAS rate and the rates at the interbank and BDC segments were 0.7 and 2.2 per cent, respectively.

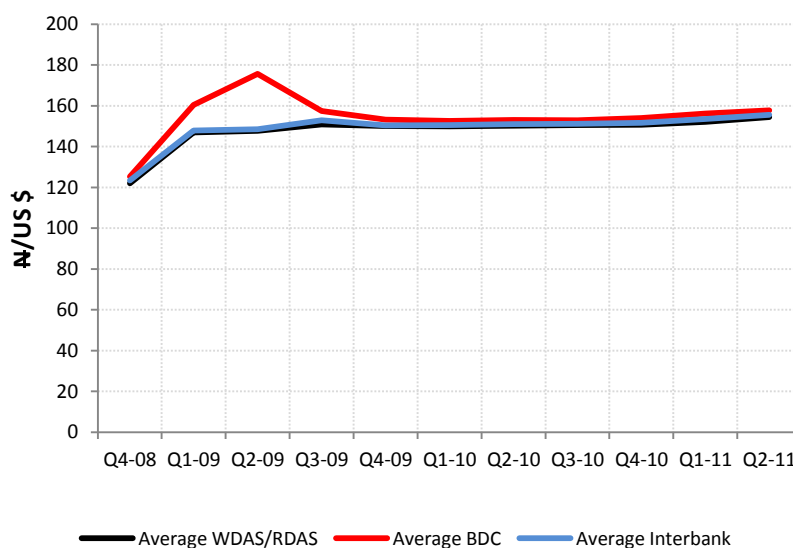
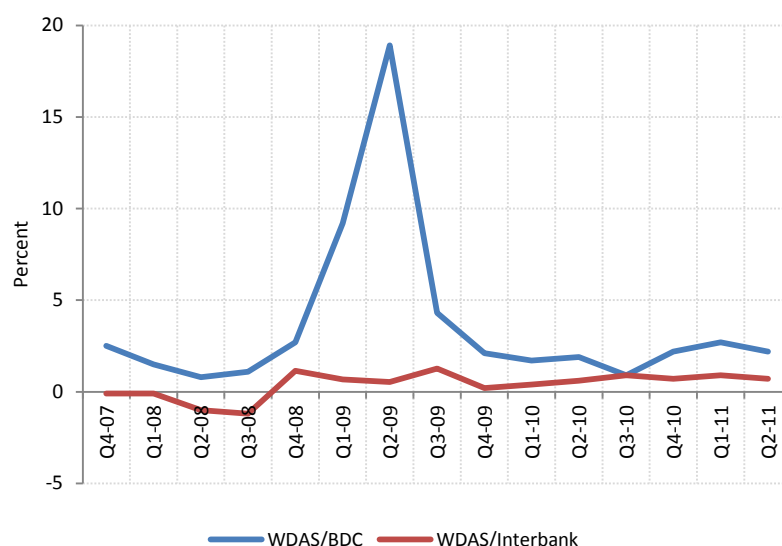
Figure 20: Average Exchange Rate Movements

Table 17: Exchange Rate Movements and Exchange Rate Premium

	Q2-09	Q3-09	Q4-09	Q1-10	Q3-10	Q4-10	Q1-11	Q2-11
Average Exchange Rate (N/US\$)								
WDAS/RDAS	146.9	147.8	150.9	149.9	150.5	150.6	152.0	154.4
BDC	160.4	175.7	157.4	152.5	152.8	153.8	156.1	157.8
Interbank	147.9	148.5	152.8	150.4	151.2	151.6	153.5	155.5
Premium (%)								
WDAS/BDC	9.2	18.9	4.3	2.1	0.9	2.2	2.7	2.2
WDAS/Interbank	0.7	0.5	1.3	0.4	0.9	0.7	0.9	0.7

Figure 21: Exchange Rate Premium



5.5 Gross External Reserves

Gross external reserves declined during the second quarter of 2011, due to the increased funding of the authorized dealers

The gross external reserves at the end of the second quarter of 2011 stood at US\$31.89 billion, indicating a decline of 4.0 per cent below the US\$33.22 billion recorded at the end of the preceding quarter. The observed depletion in external reserves during the quarter under review was largely due to the increased funding of the WDAS, BDC and WDAS-forward contrast to stabilize the exchange rate and ease demand pressure. A breakdown of the reserves showed that CBN holding stood at US\$21.50 billion (67.4 per cent), Federal Government holding was US\$2.96 billion (9.3 per cent) and the Federation Account portion (Excess Crude) was US\$7.43 billion (23.3 per cent) (Fig. 22, Table 18).

Figure 22: Gross External Reserves

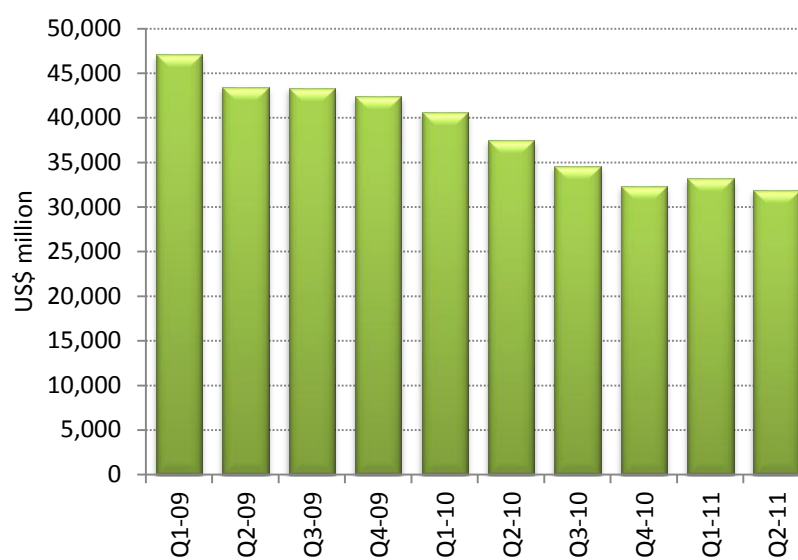


Table 18: Gross External Reserves (US\$ million)

	Q3-09	Q4-09	Q1-10	Q2-10	Q3-10	Q4-10	Q1-11	Q2-11
External Reserves	47081.9	43462.74	43343.33	37468.44	34589	32347.49	33221.8	31890.48

6.0 Global Economic Conditions

6.1 Global Output

Provisional data from the International Monetary Fund (IMF) indicated that the global economy would grow by 4.3 per cent in 2011. Further analysis indicated that economic activity slowed in the second quarter of 2011, and then pick-up again in the second half of the year (IMF World Economic Outlook 2011). Economic growth in the United States was below expectation, in part due to transitory factors, including higher commodity prices, bad weather and supply-chain disruptions from Japanese earthquake on US manufacturing. In contrast, the euro area, powered by more upbeat investment in Germany and France, recorded substantial growth.

The global economy was experiencing slow, but steady recovery, though at varying speeds across and within regions.

Growth in emerging and developing economies evolved as expected, but with considerable variation across regions. It revealed that global economic recovery has slowed and downside risks have grown amid weakness in the US economy and fears about the fiscal situation in EU members such as Greece. The IMF raised concerns about worrisome trends beneath the surface of the relatively encouraging forecasts, including economic slowing and fiscal concerns in advanced economies, as well as the potential for risky capital flows leading to a resurgence of imbalances in emerging markets.

Global activity slowed in the second quarter of 2011, and was expected to reaccelerate in the second half of the year. But activity was expected to remain unbalanced amid elevated downside risks. Growth was anticipated to be sluggish in advanced economies facing fiscal and financial sector balance sheet problems, which would continue to be a drag on employment. Activity would continue to rise strongly in advanced economies that do not face such challenges, as well as in many emerging and developing economies.

Growth in the advanced economies was projected to average about 2.5 per cent during 2011-12. This would represent a modest deceleration from an average of about 3 per cent in 2010. For 2011, growth was expected to be weaker than previously projected on United States and Japan, partly offset by stronger activity in core euro area economies. In

2012, the rebound of the Japanese economy from earthquake is forecast to offset weaker growth in the United States. Output growth in emerging and developing economies was expected to be 6.5 per cent during 2011-12, compared with 7.5 per cent in 2010.

Growth in emerging Asia was expected to fall slightly from the very high levels recorded last year. Disruptions to regional production networks due to supply constraints from Japan appear contained, although some sectors, especially automobiles and electronics, could experience strains through the summer. Latin America would be bolstered by commodity exports and domestic demand, but the pace would ease in some economies where policies have been tightening more aggressively.

Growth in emerging Europe was projected to be higher than previously expected in 2011, followed by a softening in 2012, driven in part by a sharp domestic demand cycle in Turkey. Activity is projected to continue strengthening in sub-Saharan Africa, with domestic demand remaining robust and commodity exporters benefitting from elevated prices. Economic prospects in the Middle East and North Africa remain clouded by political and social unrest, although the outlook has improved for some oil and mineral exporters.

6.2 Global Inflation

Global inflation picked-up at 4 per cent in the first quarter of 2011 from 3.5 percent in the last quarter of 2010. Inflation accelerated mainly because of larger than-expected increase in commodity prices.

6.3 Global Commodity Prices

Commodity markets have experienced volatility since late April 2011. After surging through April, commodity prices fell in May. Prices of Crude oil came close to \$120 a barrel in April, fell sharply in May, but have stabilized since. Current prices average about \$107 a barrel. Food prices also stabilized beginning in early 2011, following last year's weather-related supply shocks. Also, the US Dollar depreciated against most of the major world currencies in the period under review. In

Africa, the Nigerian Naira and the Kenyan Shilling depreciated against the U.S Dollar by 0.17 and 6.97 per cent, respectively, while South African Rand, Egyptian Pound and Ghanaian Cedi appreciated against the US dollar and Mexican Peso appreciated against the U.S Dollar by 0.59 and 1.51 per cent respectively. In Europe, the British Pound depreciated against the U.S Dollar by 0.48 per cent while in Asia, the Japanese Yen appreciated against the U.S Dollar by 3.26 per cent respectively.

Also, the US announced plans to reduce oil imports by one-third by the year 2025. The development was due to the fact that higher oil prices are threatening to hamper US economic recovery. Consequently, the US was working towards increasing the use of alternative energies such as biofuels and also raising its domestic oil production.

6.4 International Financial Market

In Africa, the Nigerian NSE ASI, Kenyan Nairobi NSE 20 and Ghanaian CI indices increased by 1.5, 2.1 and 11.0 per cent, respectively, while the South African JSE All-Share and Egyptian EGX CASE 30 indices decreased by 1.1 and 1.7 per cent respectively. In North America, the S&P/TSX Composite and Mexican Bolsa indices decreased by 0.4, 5.8 and 2.4 per cent, respectively.

In South America, the Brazilian Bovespa, Argentine Merval and Columbian IGBC General indices decreased by 0.9, 0.8 and 2.8 per cent, respectively. In Europe, the FTSE 100 and DAX indices increased by 0.6 and 4.8 per cent, respectively, while the CAC 40 and MICEX indices decreased by 0.2 and 8.4 per cent, respectively.

6.5 Other International Economic Developments and Meetings

Other major international economic developments of relevance to the domestic economy during the review quarter included: the 2011 Spring Meetings of the Board of Governors of the World Bank Group and the International Monetary Fund (IMF), which were held in Washington DC, USA from April 11-17 2011. Other meetings, seminars, conferences

and events were held on the fringes of the Spring meetings. The Ministers of the Inter-governmental Group of 24, the International Monetary and Finance Committee and the Development Committee discussed issues relating to the Global Economy, Surveillance, Reforms of the BWIs, Climate Finance, post Crisis Growth and development, amongst others (See April 2011 Report).

In a related development, the G-20 met ahead of the IMF/World Bank Spring meetings in Washington DC to deliberate on post-crisis growth. The meeting noted with concern that the US, China and five other large economies would face deeper scrutiny from their peers to ensure their policies do not derail a global expansion that could be strong enough to absorb recent shocks. According to the G-20 central and finance ministers who met ahead of the IMF/world Bank Spring meetings in Washington, the seven aforementioned countries have a GDP greater than 5.0 per cent of that of the group of 20 countries, and so carry "the greater potential for spill-over effects". Drawing up the list is part of a plan to spot imbalances in individual economies such as large trade gaps and prescribe to fix them before they harm global growth. The G-20 is approaching a situation where there are indicative guidelines to measure potential risks to the global economy posed by national economic policies (See April 2011 Report).

The Economic Community of West African States (ECOWAS), West African Monetary Agency (WAMA) and the West African Monetary Institute (WAMI) joint Multilateral Surveillance Mission to Nigeria was conducted from April 4 - 8, 2011. The purpose of the Mission was to assess performance in 2010 on the Macroeconomic Convergence Criteria as well as policy harmonization and institutional framework required for the establishment of economic and monetary union in the ECOWAS region (.See April 2011 Report).

In another development, the 4th West African Monetary Zone (WAMZ) Trade Ministers forum was convened by the West African Monetary Institute (WAMI) and hosted by the Ministry of Trade and Industry of the Republic of Sierra Leone in Freetown, Sierra Leone from May 18 to 19, 2011. The major

issues discussed at the meeting included compliance by member states with ECOWAS Free Trade Area and the Right to Establish, Implementation of the recommendations of previous WAMZ Trade Ministers Forum and Presentation on Electronic Tracking System. (See May 2011 Report)

Also, the 2011 G8 summit was held on May 26 and 27 in Deauville, France under the chairmanship of Mr.Sarkozy, President of France. The G8 Summit issued declarations on solidarity with Japan, Nuclear Safety, the internet development, and peace and security. Others were the Declaration of the G8 on the Arab spring; and the G8/Africa Joint Declaration (See May 2011 Report).

Furthermore, The Board of Directors of the African Development Bank (AFDB) Group on May 26th, 2011 approved two sovereign guaranteed programmes, in the amount of USD 200 million, to the Nigerian Export-Import Bank (NEXIM) for financing export-oriented Small and Medium-sized Enterprises (SMEs) and USD 500 million, to the Bank of Industry (BOI) for financing domestic-oriented SMEs in Nigeria(See May 2011 Report).

Finally, the Association of African Central Banks (AACB) held its year 2011 continental seminar on the theme, "Financing Development in Africa: What role for Central Banks?" The seminar was hosted by the National Bank of Rwanda in Kigali, from May 30 to June 1, 2011. Participants were drawn from AACB member central banks, regional, international and non-governmental organizations. The seminar sought to identify alternative sources of financing development in Africa and to further strengthen the AACB's goals of promoting the exchange of ideas and experiences on monetary, financial and banking matters.

APPENDIX TABLES

TableA1: Money and Credit Aggregates

	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11
	₦ billion							
Domestic Credit (Net)	4820.8	5677.2	6991.2	8612.9	9309.8	8708.5	7854.7	8908.5
<i>Claims on Federal Government (Net)</i>	-3405.6	-2879.8	-2820.2	-1489.9	-1026.3	-1121.8	-1571.8	-1070.8
Central Bank (Net)	-4658.2	-4348.8	-3970.8	-3272.8	-3037.4	-2884.0	-3401.4	-2730.0
Banks	1252.6	1469.0	1150.6	1782.9	2011.1	1762.2	1829.6	1659.3
<i>Claims on Private Sector</i>	8226.4	8556.9	9811.4	10102.8	10335.9	9830.3	9426.5	9979.2
Central Bank	313.6	336.1	445.7	396.5	564.5	632.2	437.5	741.7
Banks	7912.8	8220.8	9365.7	9706.3	9771.3	9198.2	8989.0	9237.6
<i>Claims on Other Private Sector</i>	8015.6	8305.3	9516.4	9763.7	9994.6	9460.5	9049.8	9559.0
Central Bank	313.6	336.1	445.7	396.5	564.5	632.2	437.5	741.7
Banks	7702.0	7969.2	9070.7	9367.1	9430.1	8828.4	8612.3	8817.4
<i>Claims on State and Local Government</i>	210.9	251.7	295.0	319.2	341.3	369.8	376.7	420.2
Central Bank	--	--	--	--	--	--	--	--
Banks	210.9	251.7	295.0	319.2	341.3	369.8	376.7	420.2
<i>Claims on Non-financial Public Enterprises</i>	--	--	--	--	--	--	--	--
Central Bank	--	--	--	--	--	--	--	--
Banks	--	--	--	--	--	--	--	--
Foreign Assets (Net)	8105.3	7643.6	6886.9	6484.8	6453.9	6506.6	6988.1	6453.7
Central Bank	6961.2	6642.6	5858.9	5401.0	5226.5	5372.3	5722.8	4922.6
Banks	1144.2	1001.0	1027.9	1083.7	1227.5	1134.3	1265.3	1531.1
Other Assets (Net)	-3928.4	-4243.7	-4419.6	-4252.2	-4539.0	-3689.6	-3189.2	-3184.8
Total Monetary Assets (M2)	8997.8	9077.0	9458.5	10845.5	11224.8	11525.5	11653.6	12177.4
Quasi-Money 1/	4331.1	4592.4	5125.0	5927.5	5968.9	5954.3	6229.1	6534.8
Money Supply (M1)	4666.7	4484.6	4333.5	4918.0	5256.0	5571.3	5424.5	5642.6
<i>Currency Outside Banks</i>	804.1	746.5	778.7	795.4	881.0	1082.3	1112.7	1016.4
<i>Demand Deposits 2/</i>	3862.6	3738.2	3554.8	4122.6	4375.0	4489.0	4311.8	4626.1
Total Monetary Liabilities (M2)	8997.8	9077.0	9458.5	10845.5	11224.8	11525.5	11653.6	12177.4
<i>Memorandum Items:</i>								
Reserve Money (RM)	1384.0	1291.5	1262.0	1535.1	1344.4	1845.7	1706	2065.1
<i>Currency in Circulation (CIC)</i>	1037.8	1006.6	1031.9	1063.6	1125.5	1378.1	1416.4	1353.98
DMBs Demand Deposit with CBN	346.2742443	284.8943461	230.1215833	471.4793	218.92969	467.6	289.5	711.1

1/ Quasi money consist of Time, Savings and Foreign Currency Deposit at Deposit Money Banks excluding Taking from Discount Houses.

2/ Demand Deposit consist of State, Local and Parastatals Deposits at CBN, State, Local Government and Private Sector Deposits as well as Demand Deposits of non-financial Public Enterprises at Deposit Money Banks.

Table A2: Money and Credit Aggregates (Growth Rates)

	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11
<i>Percentage Change Over Preceding Quarter</i>							
Domestic Credit (Net)	23.1	13.1	2.7	8.1	-6.5	-9.8	8.6
Claims on Federal Government (Net)	-2.1	-18.4	9.7	-31.1	9.3	-40.1	-13.6
Claims on Private Sector	14.7	4.0	0.7	2.3	-4.9	-4.1	5.6
Claims on Other Private Sector	14.6	4.0	0.5	2.2	-5.4	-4.3	5.4
Claims on State and Local Government	17.2	5.2	0.8	6.9	8.4	1.9	11.5
Claims on Non-financial Public Enterprises	--	--	--	--	--	-	-
Foreign Assets (Net)	-9.9	10.3	-10.6	-0.5	0.8	7.4	-7.6
Other Assets (Net)	4.1	7.0	8.1	6.8	-18.7	13.6	-10.1
Total Monetary Assets (M2)	4.2	13.8	-1.5	3.5	2.4	1.1	4.0
Quasi-Money 1/	11.6	12.5	-2.1	0.7	-0.3	4.6	4.9
Money Supply (M1)	-3.4	15.5	-0.7	6.9	6	-2.6	4.0
Currency Outside Banks	4.3	19.1	-4.6	10.8	22.9	2.8	-8.7
Demand Deposits 2/	-4.9	14.7	0.1	6.1	2.6	-4.0	7.3
Total Monetary Liabilities (M2)	4.2	13.8	-1.5	3.5	2.7	1.1	4.0
<i>Memorandum Items:</i>							
Reserve Money (RM)	-2.3	31.1	9.5	-12.4	37.3	-7.6	21.1
Currency in Circulation (CIC)	2.5	14.5	-8.0	5.8	22.5	2.8	-8.7
DMBs Demand Deposit with CBN	-19.2	105.2	53.4	-53.6	113.6	-38.1	145.6
<i>Percentage Change Over Preceding December</i>							
Domestic Credit (Net)	14.6	-11.5	9.0	17.8	10.2	-9.8	2.3
Claims on Federal Government (Net)	-7.3	22.5	35.3	55.4	51.3	-40.12	4.55
Claims on Private Sector	26.6	-1.7	-1.0	1.3	-3.7	-4.1	1.51
Claims on Other Private Sector	25.1	-1.8	-1.1	1.0	-4.4	-4.3	1.04
Claims on State and Local Governments	107.2	3.7	2.9	10	19.2	1.9	13.64
Claims on Non-financial Public Enterprises	--	--	--	--	--	--	--
Foreign Asset (Net)	-11.2	-4.5	-14.6	-15.0	-14.3	7.4	-0.81
Other Asset (Net)	9.1	-2.2	10.1	4.0	21.9	13.6	13.68
Total Monetary Assets (M2)	-1.0	-12.2	0.7	4.3	7	1.1	5.66
Quasi-Money 1/	6.6	-11.1	2.8	3.6	3.3	4.6	9.75
Money Supply (M1)	-7.7	-13.4	-1.7	5.0	11.3	-2.6	1.28
Currency Outside Banks	-16.4	-16.0	-14.2	-5.0	16.7	2.8	-6.08
Demand Deposits 2/	-5.7	-12.8	1.1	7.3	10.1		3.1
Total Monetary Liabilities (M2)	-1.0	-12.2	0.7	4.3	7.0		5.66
<i>Memorandum Items:</i>							
Reserve Money (RM)	-16.6	-23.7	-7.2	-18.7	11.6		11.9
Currency in Circulation (CIC)	-12.9	-12.7	-10.0	-4.8	16.6		-6.08
DMBs Demand Deposit with CBN	-27.6	-51.3	35.0	-53.7	-1.0		52.1

1/ Quasi money consist of Time, Savings and Foreign Currency Deposit at Deposit Money Banks excluding Taking from Discount Houses.

2/ Demand Deposit consist of State, Local and Parastatals Deposits at CBN, State, Local Government and Private Sector Deposits as well as Demand Deposits of non-financial Public Enterprises at Deposit Money Banks.

Table A3: Federal Government Fiscal Operations (₦ billion)

	Q2-09	Q1-10	Q2-10	Q3-10	Q4-10	Q1-11	Q2-11
Retained Revenue	701.7	562.9	827.7	728.9	783.8	585.9	735.0
<i>Federation Account</i>	363.8	356.0	440.0	516.2	518.7	504.3	501.1
<i>VAT Pool Account</i>	16.3	20.1	20.6	21.2	25.2	21.4	23.0
<i>FGN Independent Revenue</i>	29.2	15.9	36.9	27.6	72.7	35.9	103.4
<i>Excess Crude</i>	100.7	136.4	152.9	113.2	62.5	15.2	94.5
<i>Others</i>	191.8	34.5	177.4	50.7	104.6	9.0	13.0
Expenditure	669.1	840.5	977.7	1028.2	1499.7	872.5	912.5
<i>Recurrent</i>	428.5	546.5	750.6	795.0	1138.6	682.5	751.0
<i>Capital</i>	192.7	241.0	204.1	143.8	309.0	165.6	85.0
<i>Transfers</i>	47.9	28.8	23.0	89.4	41.3	40.5	76.5
Overall Balance: Surplus(+)/Deficit(-)	32.6	-277.5	150.0	-299.3	-715.9	-286.6	-286.6

Table A4: Gross Domestic Product at 1990 Basic Prices

	Q4-2009	Q1-2010	Q2-2010	Q3-2010	Q4-2010	Q1-2011 ¹
	₦ billion					
Real GDP	210.60	160.18	174.56	212.58	228.21	172.09
Oil GDP	31.38	29.41	27.41	32.70	33.44	30.26
Crude Petroleum & Natural Gas	31.38	29.41	27.41	32.70	33.44	30.26
Non-oil GDP	179.22	130.60	147.52	179.88	194.77	141.83
Agriculture	86.71	57.16	73.88	94.17	91.53	60.24
Industry (excluding crude petroleum/natural Gas)	15.72	2.29	7.46	8.24	16.96	2.45
Building & Construction	3.90	3.00	3.51	3.33	4.37	4.85
Wholesale & Retail Trade	39.10	35.17	28.26	37.33	43.75	39.11
Services	33.79	31.35	34.05	36.81	38.16	35.18
	Relative Share (%)					
Real GDP	100	100	100	100	100	100.00
Oil GDP	14.9	18.4	15.7	15.4	14.7	17.59
Crude Petroleum & Natural Gas	14.9	18.4	15.70	15.40	14.70	17.59
Non-oil GDP	85.1	81.6	84.3	84.6	85.3	82.41
Agriculture	41.2	35.9	42.60	44.30	40.11	35.00
Industry (excluding crude petroleum/natural Gas)	7.5	1.4	4.30	3.88	7.43	1.42
Building & Construction	1.9	2.7	2.00	1.57	1.91	2.82
Wholesale & Retail Trade	18.6	22.0	16.20	17.56	19.17	22.73
Services	16.0	19.7	19.60	17.32	16.72	20.44
	Growth Rate (%)					
Real GDP	7.67	7.36	7.69	7.86	8.36	7.43
Oil GDP	5.33	4.08	3.96	5.08	6.56	2.9
Crude Petroleum & Natural Gas	4.18	4.08	3.96	5.08	6.56	2.90
Non-oil GDP	8.67	8.13	8.41	8.43	8.68	8.46
Agriculture	5.32	5.43	5.84	5.68	5.56	5.39
Industry (excluding crude petroleum/natural Gas)	8.32	7.44	7.67	8.55	7.88	6.91
Building & Construction	12.87	13.15	12.00	10.75	12.12	13.30
Wholesale & Retail Trade	10.87	9.54	11.40	11.82	11.89	9.56
Services	7.98	11.07	11.60	11.96	12.91	12.22

Source: National Bureau of Statistics.

¹Provisional.

