



CENTRAL BANK OF NIGERIA

***ECONOMIC REPORT
AUGUST 2012***

The Central Bank of Nigeria 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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Contents

1.0	Summary.....	1
2.0	Financial Sector Developments	5
2.1	Monetary and Credit Developments	8
2.2	Currency-in-circulation (CIC) and Deposits at the CBN.....	9
2.3	Money Market Developments	9
2.3.1	<i>Interest Rate Developments</i>	10
2.3.2	<i>Commercial Paper (CP)</i>	11
2.3.3	<i>Bankers' Acceptances (BAs)</i>	11
2.3.4	<i>Open Market Operations</i>	11
2.3.5	<i>Primary Market</i>	12
2.3.6	<i>Bonds Market</i>	12
2.3.7	<i>CBN Standing Facilities</i>	13
2.4	Deposit Money Banks' Activities.....	13
2.5	Discount Houses' Activities	14
2.6	Capital Market Developments	15
2.6.1	<i>Secondary Market</i>	15
2.6.2	<i>Over-the-Counter (OTC) Bonds Market</i>	15
2.6.3	<i>New Issues Market</i>	16
2.6.4	<i>Market Capitalization</i>	16
2.6.5	<i>NSE All-Share Index</i>	16
3.0	Fiscal Operations	19
3.1	Federation Account Operations.....	19
3.2	The Fiscal Operations of the Three Tiers of Government.....	22
3.2.1	<i>The Federal Government</i>	22
3.2.2	<i>Statutory Allocations to State Governments</i>	24
3.2.3	<i>Statutory Allocations to Local Government Councils</i>	24
4.0	Domestic Economic Condition.....	25
4.1	Agricultural Sector.....	25
4.2	Petroleum Sector	26
4.3	Consumer Prices.....	28
5.0	External Sector Developments	31

5.1	Foreign Exchange Flows	31
5.2	Non-Oil Export Earnings by Exporters.....	33
5.3	Sectoral Utilisation of Foreign Exchange	33
5.4	Foreign Exchange Market Developments	34
5.5	Gross External Reserves	37
6.0	Other International Economic Developments and Meetings	39

Text Tables

Table 1: Growth in Monetary and Credit Aggregates.....	8
Table 2: Selected Interest Rates	11
Table 3: Traded Securities on the Nigerian Stock Exchange.....	15
Table 4: Supplementary Listing on the Nigerian Stock Exchange	16
Table 5: Market Capitalization and All Share Index.....	17
Table 6: Gross Federation Account Revenue.....	19
Table 7: Components of Gross Oil Revenue	20
Table 8: Components of Gross Non-Oil Revenue	21
Table 9: Federal Government Fiscal Operations	23
Table 10: Disbursement of Credit Under the Commercial Agriculture Credit Scheme (CACs)	26
Table 11: Average Crude Oil Prices in the International Oil Market.....	28
Table 12: Consumer Price Index.....	29
Table 13: Headline Inflation Rate	30
Table 14: Foreign Exchange Flows Through the CBN.....	32
Table 15: Demand for and Supply of Foreign Exchange	35
Table 16: Exchange Rate Movements and Exchange Rate Premium.....	36
Table 17: Gross External Reserves.....	38

Appendix Tables

Table A1: Money and Credit Aggregates.....	43
Table A2: Money and Credit Aggregates Growth Rates.....	44
Table A3: Federal Government Fiscal Operations	45

Figures

Figure 1: Growth Rate of Narrow Money (M ₁) and Broad Money (M ₂)	6
Figure 2: Growth Rate of Aggregate Domestic Credit to the Economy	7
Figure 3: Selected DMBs Interest Rates (Average)	110
Figure 4: Volume and Value of Traded Securities	15
Figure 5: Market Capitalization and All-Share Index	17
Figure 6: Components of Gross Federally-Collected Revenue	19
Figure 7: Gross Oil Revenue and Its Components	20
Figure 8: Gross Non-Oil Revenue and Its Components	21
Figure 9: Federal Government Retained Revenue	22
Figure 10: Federal Government Expenditure	23
Figure 11: Trends in Crude Oil Prices	27
Figure 12: Consumer Price Index	29
Figure 13: Inflation Rate.....	29
Figure 14: Foreign Exchange Flows Through the CBN	32
Figure 15: Sectoral Utilisation of Foreign Exchange.....	34
Figure 16: Demand for and Supply of Foreign Exchange	35
Figure 17: Average Exchange Rate Movements.....	36
Figure 18: Exchange Rate Premium	37
Figure 19: Gross External Reserves.....	38

1.0 Summary

Growth in the key monetary aggregate remained sluggish at the end of August 2012. On month-on-month basis, broad money (M_2) rose by 2.8 per cent, due largely to the 3.3 and 0.5 per cent rise in foreign assets (net) and domestic credit (net) of the banking system, respectively. Relative to the level at end-December 2011, M_2 grew by 3.5 per cent, owing, largely, to the rise in foreign asset (net) and other assets (net) of the banking system. Narrow money (M_1) fell by 2.5 per cent below the level at the end of the preceding month. Reserve money (RM), rose by 5.4 per cent above its level in the preceding month.

Available data indicated mixed developments in banks' deposit and lending rates in August 2012. The spread between the weighted average term deposit and maximum lending rates widened from 16.40 percentage points in July 2012 to 17.28 percentage points in August. Similarly, the margin between the average savings deposit and maximum lending rates widened to 21.99 percentage points in the review month from 21.67 per cent in the preceding month. The weighted average interbank call rate rose to 19.10 per cent, from 15.19 per cent in the preceding month, reflecting the liquidity condition in the interbank funds market during the month.

The value of money market assets outstanding at end-August 2012 was ₦5,962.02 billion, showing an increase of 0.2 per cent over the level at end-July 2012. The development was attributed to the 0.8 per cent increase in the value of FGN Bonds outstanding. Activities on the Nigerian Stock Exchange (NSE) in August 2012 were mixed.

Gross federally-collected revenue in August 2012 was estimated at ₦1,021.10 billion, showing an increase of 26.4 and 3.6 per cent above the monthly budget estimate and the preceding month's level, respectively. At ₦749.11 billion, gross oil receipts exceeded both the monthly budget estimate and the preceding month's level by 35.5 and 18.4, respectively. This was attributed largely, to the favorable crude oil prices at the international oil market.

Non-oil receipts, at ₦271.99 billion (26.6 per cent of the gross federally collected revenue), was 23.0 and 6.8 per cent lower than the receipts in the preceding month and the monthly budget estimates, respectively. The decline in non-oil revenue relative to the preceding month, reflected,

largely, the fall in corporate tax, customs and excise duties, educational tax, customs/excise duties and the independent revenue of the Federal Government. Federal Government estimated retained revenue in August 2012 was ₦243.21 billion, while total estimated expenditure was ₦376.15 billion. Thus, the fiscal operations of the Federal Government resulted in an estimated deficit of ₦132.94 billion, as against the estimated monthly budget deficit of ₦94.68 billion.

The dominant agricultural activities in August 2012 were harvesting of maize, yam and vegetables. Crude oil production, including condensates and natural gas liquids during the month was estimated at 2.3 million barrels per day (mbd) or 71.3 million barrels for the month.

Crude oil export was estimated at 1.85 million barrels per day (mbd) or 57.35 million barrels during the month. The average price of Nigeria's reference crude, the Bonny Light (37° API), was estimated at US\$114.24 per barrel, indicating an increase of 9.9 per cent, compared with the level in the preceding month.

The end-period headline inflation rate (year-on-year), in August 2012 was 11.7 per cent, representing 1.1 percentage point below the level in the preceding month. Inflation rate on a twelve-month moving average basis rose by 0.2 percentage point to 11.8 per cent from the level in the preceding month.

Foreign exchange inflow and outflow through the CBN in August 2012 were US\$5.98 billion and US\$2.82 billion, respectively, and resulted in a net inflow of US\$3.14 billion. Foreign exchange sales by the CBN to the authorized dealers amounted to US\$2.30 billion, showing a decline of 6.9 per cent below the level in the preceding month.

Relative to the level in the previous month, the average Naira exchange rate vis-à-vis the US dollar appreciated in all the segments (WDAS, interbank and bureau-de-change segments) of the foreign exchange market.

Non-oil export receipts increased by 32.6 per cent above the level in the preceding month. The development was attributed, largely, to the rise in industrial and manufactured products sub-sectors.

World crude oil output in August 2012 stood at 90.30 million barrels per day (mbd), while demand was 88.74 million barrels

per day (mbd), compared with 89.43 and 87.69 mbd supplied and demanded, respectively, in the preceding month.

Other major international economic developments and meetings of relevance to the domestic economy during the review month included: the 36th Ordinary Meeting of the Assembly of Governors of the Association of African Central Banks (AACB) held in Algeria, on August 30, 2012 under the chairmanship of the Governor, Reserve Bank of Malawi. The meeting was preceded by the meetings of the AACB Technical Committee; the Joint AUC-AACB Committee; and the AACB Bureau. The meeting discussed: the progress Report on the activities of the AUC-AACB Joint Committee; implementation of the African Monetary Cooperation Programme (AMCP) and progress Report on the "Community of African Banking Supervisors" (CABS).

In a related development, the Assembly of Governors approved the theme "Financial Inclusion in Africa: Financial Innovations Challenges for Monetary Policy and Financial Sector Stability" for the 2013 Symposium and "The Role of Central Banks in Facilitating Sustainable Economic Growth in Africa" for the 2013 AACB Continental Seminar. The Governor, Bank of Algeria was elected as the new President of the Bureau of the Association of African Central Banks; to be supported by Governor, Bank of Mauritius as Vice President. The Regional Economic Blocks elected the Central Bank of Nigeria to the membership of the Bureau, representing the West Africa Sub-Region.

Finally, the Stakeholders' Forum on Capital Markets Integration in West Africa was held in Accra, Ghana from August 23- 24, 2012. It was organized by the West African Monetary Institute (WAMI) in collaboration with the Ghana Stock Exchange and funded by the World Bank. The objective of the Forum was to resuscitate efforts at implementing the capital markets integration initiatives in West Africa.

2.0 Financial Sector Developments

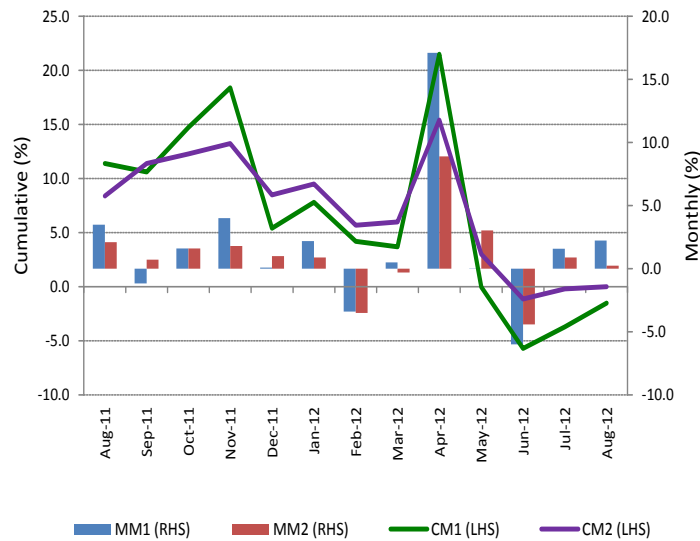
Growth in the major monetary aggregate remained sluggish at the end of the review month. Available data indicated mixed developments in banks' deposit and lending rates. The value of money market assets outstanding increased, owing, largely, to the rise in the value of FGN Bonds outstanding. Transactions on the Nigerian Stock Exchange (NSE) were mixed during the review month.

2.1 Monetary and Credit Developments

Provisional data indicated that growth in money supply remained sluggish at end-August 2012. Broad money supply (M_2), at ₦13,769.0 billion, rose by 2.8 per cent, month-on-month basis, in contrast to the decline of 0.7 per cent at the end of the preceding month. The development was accounted for, largely, by the 3.3 and 0.5 per cent growth in foreign assets (net) and domestic credit (net) of the banking system, respectively. Over the level at end-December 2011, M_2 grew by 3.5 per cent, driven by the growth of 13.0 and 0.8 per cent in foreign assets (net) and other assets (net) of the banking system, respectively, which more than offset the 3.8 per cent fall in domestic credit (net) of the banking system.

Growth in the key monetary aggregate remained sluggish in August 2012.

Narrow money supply (M_1), at ₦6,243.3 billion, declined by 2.5 per cent, on a month-on-month basis, below the level at the end of the preceding month. The development was accounted for, largely, by the 3.1 per cent fall in its demand deposit component. Relative to the level at end-December 2011, (M_1) declined by 7.8 per cent, reflecting largely, the 13.2 and 6.6 per cent fall in its currency outside banks and demand deposits components (Fig. 1, Table 1).

Figure 1: Growth Rate of Narrow Money (M₁) and Broad Money (M₂)¹

At ₦13,163.4 billion, aggregate banking system credit (net) to the domestic economy grew marginally by 0.5 per cent, on a month-on-month basis, in contrast to the 1.6 per cent decline at the end of the preceding month. The development reflected, largely, the 1.4 per cent fall in (net) claims on the Federal Government. Over the level at end-December 2011, aggregate banking system credit (net) to the domestic economy, fell by 3.8 per cent.

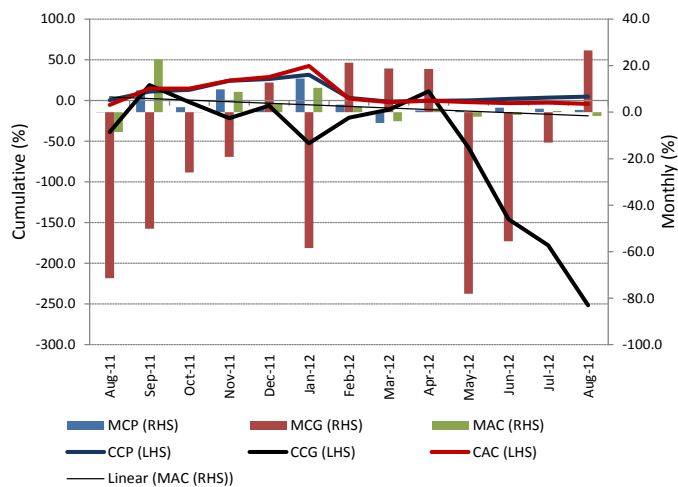
Banking system's credit (net) to the Federal Government, on a month-on-month basis, fell by 1.4 per cent to negative ₦1,721.5 billion, in contrast to the increase of 26.5 per cent at the end of the preceding month. The development was attributed, largely, to the 19.2 per cent decline in DMBs' holding of treasury bills. Over the level at end-December 2011, aggregate banking system's claims (net) on the Federal Government fell substantially by 246.5 per cent, compared with the decline of 251.5 per cent at the end of the preceding month, reflecting, largely, the decline in DMBs' holding of treasury bills. The Federal

¹ MM1 and MM2 represent month-on-month changes, while CM1 and CM2 represent cumulative changes (year-to-date).

Government remained a net lender to the banking system at the end of the review month.

Banking system's credit to the private sector rose marginally by 0.3 per cent, month-on-month basis, to ₦14,884.8 billion, at the end of the review period, compared with 1.0 per cent recorded at the end of the preceding month. Similarly, banking system's claims on the core private sector rose by 0.4 per cent to ₦14,304.2 billion, compared with the growth of 1.0 per cent at the end of the preceding month. Relative to the level at end-December 2011, banking system's credit to the private sector rose by 4.9 per cent. The development reflected, largely, the 6.7 per cent rise in DMBs' claims on the sector (Fig. 2, Table 1).

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



At ₦8,069.2 billion, foreign assets (net) of the banking system rose by 3.3 per cent at end-August 2012, compared with the increase of 3.9 per cent at the end of the preceding month. The development was attributed to the 17.7 per cent increase in DMBs' holdings. Relative to the level at end-December 2011,

Foreign assets (net) of the banking system rose on month-on-month basis at end August 2012.

² MCP, MCG and MAC represent month-on-month 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).

foreign assets (net) of the banking system, grew by 13.0 per cent, reflecting largely, the 35.6 per cent increase in DMBs' holdings.

Quasi-money rose by 7.7 per cent, on a month-on-month basis, to ₦7,525.7 billion, compared with the increase of 1.5 per cent in the preceding month. When compared with the level in the corresponding period of 2011, it showed an increase of 13.4 per cent. Over the level at end-December 2011, quasi-money, rose by 15.2 per cent. The development was attributed to the increase in its savings and time deposits components.

Other assets (net) of the banking system, on a month-on-month basis, fell by 0.8 per cent to negative ₦7,463.5 billion, in contrast to the 2.3 per cent increase at the end of the preceding month. Relative to the level at end-December 2011, other assets (net) of the banking system, rose by 0.7 per cent.

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

	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	Jul-12	Aug-12
Domestic Credit (Net)	22.7	-0.1	8.7	3.5	22.0	2.0	-3.5	1.6	-2.0	-1.6	0.5
Claims on Federal Government (Net)	50.2	-25.9	-19.2	12.7	55.4	-35.8	20.3	18.6	-78.1	26.5	-1.4
Claims on Private Sector	9.4	2.1	9.8	1.7	14.6	3.2	-4.3	0.8	0.5	1.0	0.3
Claims on Other Private Sector	9.3	2.3	9.8	2.0	14.2	3.5	-4.5	0.6	0.4	1.0	0.4
Foreign Assets (Net)	-7.1	-4.4	0.8	-1.5	7.8	3.9	-2.5	1.0	5.3	3.9	3.3
Other Assets (Net)	-36.8	9.6	-33.9	-4.5	-33.7	-1.2	0.9	-2.2	-1.0	-2.3	-0.8
Broad Money Supply (M2)	1.0	0.9	-3.5	0.3	8.9	3.4	-4.4	0.9	2.9	-0.7	2.8
Quasi-Money	1.8	-0.3	-3.7	1.0	1.5	6.1	-2.8	0.2	-1.7	1.5	7.7
Narrow Money Supply (M1)	0.1	2.2	-3.4	-0.5	17.1	0.8	-6.0	1.6	2.2	-3.0	-2.5
Reserve Money (RM)	2.0	3.6	24.0	-1.0	18.9	-3.4	2.6	-8.4	2.5	15.2	5.4

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

At ₦1,368.2 billion, currency in circulation rose marginally by 0.4 per cent in the review month, in contrast to the decline of 0.1 per cent at the end of the preceding month. The development reflected, wholly, the 0.4 per cent increase in currency outside banks.

Relative to the level at end-December 2011, currency in circulation fell by 12.6 per cent.

Total deposits at the CBN amounted to ₦6,834.4 billion, indicating a decline of 1.5 per cent below the level at the end of the preceding month. The development reflected, largely, the fall in Federal Government deposits. Of the total deposits, the percentage shares of the Federal Government, banks and “others” were 67.2, 24.6 and 8.2 per cent, respectively, compared with 70.1, 22.1 and 7.8 per cent in the preceding month.

Reserve money (RM) rose during the month under review.

The reserve money (RM) rose by 5.4 per cent to ₦3,051.7 billion at the end of the review month, reflecting the trends in banks' reserves with the CBN.

2.3 Money Market Developments

The money market experienced tight liquidity condition during most of the month, following the review of the cash reserve requirement and the net open position (NOP) of banks in foreign currencies by the Monetary Policy Committee at its meeting of July 23 - 24, 2012. The review of the guidelines for assessing the discount window which took effect from August 8, 2012, aggravated the tight liquidity condition. Consequently, short-term market rates rose to a record high of 34.2 and 29.4 per cent for the overnight call and open-buy-back (OBB) rates, respectively. However, the release of the Statutory Revenue Allocation (SRA) and repayment of matured OMO Bills, in the last week of the month eased market liquidity.

Provisional data indicated that the value of money market assets outstanding at end-August 2012 was ₦5,962.02 billion, indicating an increase of 0.2 per cent, compared with the increase of 5.1 per cent at the end of the preceding month. The development was attributed to the 0.8 per cent increase in value of FGN Bonds outstanding.

2.3.1 Interest Rate Developments

Available data indicated mixed developments in banks' deposit and lending rates during the month. The average savings deposit rate declined marginally from 1.78 per cent in the preceding month to 1.77 per cent in August 2012. With the exception of the 7-day, 1-month, 6-month and 12-month deposit rates, which rose by 0.05, 0.66, 0.71 and 0.23 percentage point to 4.66, 7.76, 8.25 and 6.85 per cent, respectively, all other rates on deposits of various maturities fell from a range of 7.85 – 8.57 per cent in July 2012 to 3.04 – 8.34 per cent. At 6.48 per cent, the average term deposit rate, for the review month fell by 0.57 percentage point below the level in the preceding month. The average prime lending rate fell by 3.84 percentage points to 13.12 per cent, while the maximum lending rate rose by 0.31 percentage point to 23.76 per cent. Consequently, the spread between the weighted average term deposit and average maximum lending rates widened to 17.28 percentage points from 16.40 percentage points in July 2012. Similarly, the margin between the average savings deposit and maximum lending rates widened to 21.99 percentage points in the review month from 21.67 percentage points in the preceding month.

Interest rates development was mixed in August 2012.

At the interbank call segment, the weighted average rate, which stood at 15.19 per cent in July, rose by 3.91 percentage points to 19.10 per cent. The weighted average rate at the open-buy-back (OBB) segment rose by 3.77 percentage points to 17.68 per cent in the review month from 13.91 per cent in July 2012, reflecting the liquidity condition at the interbank funds market. The Nigerian interbank offered rate (NIBOR) for the 7- and 30-day tenors, increased by 6.68 and 6.64 percentage points, above their levels in the preceding month to 22.15 and 22.48 per cent, respectively. With the headline inflation rate at 11.7 per cent at end-August 2012, most rates, with the exception of the lending rates were negative in real terms (Fig. 3, Table 2).

Figure 3: Selected DMBs Interest Rates (Average)

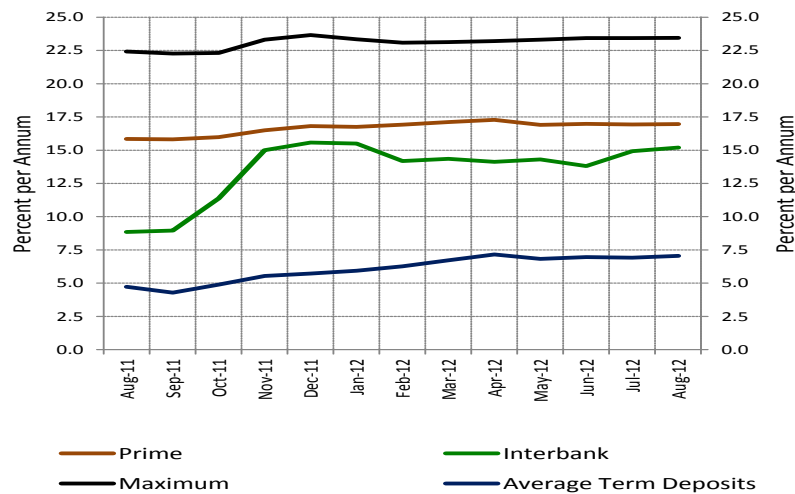


Table 2: Selected Interest Rates (Percent, Averages)

	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12
Average Term Deposits	4.28	4.89	5.54	5.93	5.94	4.39	6.72	7.15	6.83	6.96	6.92	7.05	6.48
Prime Lending	15.82	15.99	16.49	16.42	26.75	16.92	17.10	17.28	16.90	16.98	16.93	16.96	13.12
Interbank	8.18	11.38	15.00	15.58	15.50	14.19	14.50	14.13	14.30	13.80	14.92	15.19	19.10
Maximum Lending	22.27	22.32	23.32	23.66	23.35	23.08	23.10	23.21	23.31	23.44	23.44	23.45	23.76

2.3.2 Commercial Paper (CP)

The value of Commercial Paper (CP) held by the DMBs at end-August 2012 declined by 5.9 per cent to ₦1.9 billion. Thus, CP constituted 0.03 per cent of the total value of money market assets outstanding.

2.3.3 Bankers' Acceptances (BAs)

The value of Bankers' Acceptances (BAs) declined by 19.8 per cent to ₦16.96 billion, in contrast to the decline of 10.8 per cent in the preceding month. As a proportion of total value of money market assets outstanding, BAs accounted for 0.3 per cent at end-August 2012, compared with 0.4 per cent at the end of the preceding month.

2.3.4 Open Market Operations

Due to the liquidity ease in the last week of the month following the fiscal injections and repayment of matured OMO Bills', the CBN offered the 56 - 73-day

OMO Bills for sale. Total amount offered was ₦150.00 billion, while public subscription stood at ₦98.25 billion at bid rates ranging from 13.70 - 18.00 per cent. At the single OMO auction held in the preceding month, total amount offered was ₦70.00 billion, while public subscription and allotment stood at ₦17.32 billion and ₦5.30 billion, respectively. In the corresponding month of 2011, total amount offered was ₦260.0 billion with public subscription and allotment being ₦521.10 billion and ₦295.10 billion, respectively.

2.3.5 Primary Market

At the primary market segment, auctions on the Nigerian Treasury Bills (NTBs) were conducted for the 91-, 182- and 364-day tenors. Total amount offered, subscribed to and allotted were ₦192.71 billion, ₦466.95 billion and ₦222.71 billion, respectively, compared with ₦250.45 billion, ₦738.63 billion and ₦250.45 billion for the same tenors in the preceding month. Out of the total allotment, the sum of ₦71.70 billion was allotted to uncompetitive bidders across the three tenors. The bid rates ranged from 12.00 - 26.00 per cent for the 91-day tenor, 13.00 - 23.00 per cent for the 182-day tenor and 13.00-23.50 per cent for the 364-day tenor. The issued rates ranged from 12.00 - 14.50 per cent for the 91- day tenor, 13.00 - 15.30 per cent for the 182-day tenor and 13.00-15.38 per cent for the 364-day tenor. The repayment of ₦192.71 billion during the review month resulted in a net outflow of ₦30.00 billion.

2.3.6 Bonds Market

Federal Government of Nigeria (FGN) Bonds of 5-, 7- and 10-year tranches, amounting to ₦75.0 billion, were reopened and offered to the market during the review month. Total amount subscribed stood at ₦44.11 billion (5-year), ₦70.97 billion (7-year) and ₦134.03 billion (10-year) tranches, while bid rates for the three tranches ranged from 15.00 - 18.14 per cent, 14.98-18.25 per cent and 14.98-18.25 per cent, respectively. Total allotment were ₦75.00 billion at 16.33 per cent for the 5-year, 16.14 per cent for the 7-year and 15.90 per cent for the 10-year bond. In the preceding month, the same FGN Bonds tranches were reopened and the

Three tranches of FGN Bonds were re-opened during the month.

total amount offered and allotted was ₦75.00 billion, while subscription stood at ₦120.60 billion. The bid rates ranged from 15.00 - 18.00 per cent. The high level of public subscription, compared with the preceding month, was due largely to the attractive yield on Federal Government instruments coupled with the inclusion of FGN Bonds in the Government Bond Index-Emerging Markets (GBI-EM).

2.3.7 CBN Standing Facilities

The total standing lending facility (SLF) granted was N2,245.19 billion, compared with N3,322.46 billion in the preceding month. Average daily request for SLF in August was N106.91 billion, compared with N151.02 billion in July 2012. The total Standing Deposit Facility (SDF) stood at N843.70 billion in August 2012, compared with N300.95 billion in July 2012, reflecting an increase of N542.75 billion.

2.4 Deposit Money Banks' Activities

Available data indicated that total assets and liabilities of the deposit money banks (DMBs) amounted to ₦20,490.3 billion, showing an increase of 0.8 per cent when compared with the level at end-July 2012. Funds were sourced mainly from mobilisation of time, savings & foreign currency deposits (₦537.1 billion) and disposal of Federal Government securities (₦251.8 billion). The funds were used, largely, for the acquisition of foreign assets (₦245.9 billion) and unclassified liabilities (₦203.5 billion).

At ₦12,501.4 billion, DMBs' credit to the domestic economy fell by 2.0 per cent, when compared with the level in the preceding month. On a month-on-month basis, DMB's credit to the private sector rose by 0.4, while credit to the government fell by 14.5 per cent relative to the level in the preceding month. Central Bank's credit to the DMBs fell by 18.9 per cent to ₦275.7 billion at end-August 2012.

The specified liquid assets of the DMBs stood at ₦5,271.7 billion, representing 39.0 per cent of their total current liabilities. This level of liquid assets was 2.6 percentage

DMBs' Credit to the domestic economy fell by 2.0 per cent below the level in the preceding month.

points below the preceding month's ratio of 41.6, but 9.0 percentage points above the stipulated minimum ratio of 30.0 per cent. The loan-to-deposit ratio was 45.7 per cent and was 34.3 percentage points below the stipulated maximum target of 80.0 per cent for the industry.

2.5 Discount Houses' Activities

Provisional data indicated that total assets and liabilities of the discount houses stood at ₦282.0 billion at end-August 2012, showing a decline of 12.1 per cent below the level at the preceding month. The development was accounted for, largely, by the 63.0 and 14.9 per cent decline in claims on banks and other assets, respectively. Correspondingly, the decline in total liabilities was attributed, largely, to the 54.1 and 12.3 per cent fall in borrowings and other liabilities, respectively.

Discount houses' investment in Federal Government securities of less than 91-day maturity fell to ₦19.3 billion and accounted for 9.2 per cent of their total deposit liabilities. Thus, investment in Federal Government Securities was 50.8 percentage points below the prescribed minimum level of 60.0 per cent. At that level, discount houses' investment on NTBs declined by 12.6 per cent below the level at the end of the preceding month. Total borrowing by the discount houses was ₦15.4 billion, while their capital and reserves amounted to ₦34.6 billion. This resulted in a gearing ratio of 2.1:1, compared with the stipulated maximum target of 50:1 for fiscal 2012.

Discount Houses investment in government securities was 50.8 percentage points below the prescribed minimum ratio of 60.0 per cent.

2.6 Capital Market Developments

2.6.1 Secondary Market

Available data indicated that activities on the Nigerian Stock Exchange (NSE) were mixed in August 2012. The volume and value of transactions fell by 12.7 and 6.6 per cent to 5.5 billion shares and ₦43.8 billion, respectively, in 80,146 deals, compared with 6.3 billion shares, valued at ₦46.9 billion, in 87,977 deals in the preceding month. Activities on the Exchange was driven largely, by transactions in the financial services sector with 3.2 billion shares valued at ₦28.5 billion traded in 47,235 deals.

Figure 4: Volume and Value of Traded Securities

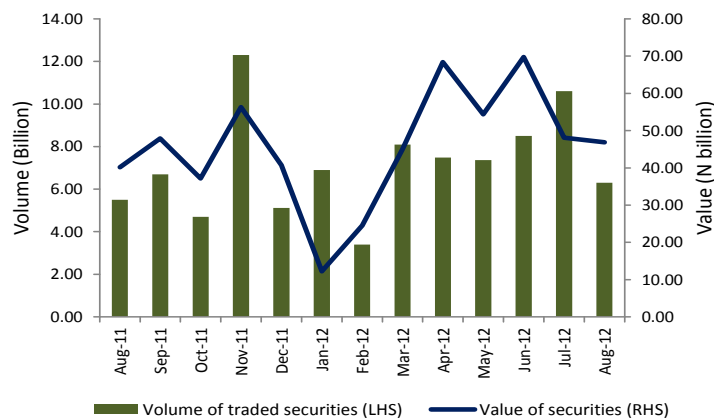


Table 3: Traded Securities on the Nigerian Stock Exchange (NSE)

	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12
Volume (Billion)	6.70	4.70	12.30	5.12	6.90	4.10	8.10	7.49	7.37	8.52	10.60	6.30	5.50
Value (₦Billion)	47.90	37.20	54.60	27.80	9.40	31.80	44.95	68.37	54.40	69.78	48.10	46.90	43.80

2.6.2 Over-the-Counter (OTC) Bonds ` Market

Transactions on the Over-the-Counter (OTC) bond market indicated a turnover of 536.9 million units, worth ₦517.5 billion in 3,036 deals during the month.

2.6.3 New Issues Market

There were two supplementary listings, but no new listings in the review month (Table 4). During the month, the shares of Starcomms Plc were placed on full suspension due to its capital restructuring exercise.

Table 4: Supplementary Listing on the Nigerian Stock Exchange

S/N	Company	Additional Shares (Units)	Reasons	Listing
1	Premier Paints	48.0 Million	Conclusion of Special Placement	Supplementary
2	Nigerian Breweries	142,092.0	Conclusion of Merger	Supplementary

2.6.4 Market Capitalization

The aggregate market capitalisation of the listed securities stood at ₦13.1 trillion, indicating an increase of 1.6 per cent over ₦12.9 trillion in the preceding month. The equities market capitalisation rose by 3.0 per cent to ₦7.56 trillion when compared with the level in July 2012 and accounted for 57.7 per cent of the total, while the debt component accounted for the balance of 42.3 per cent.

2.6.5 NSE All-Share Index

The All-Share Index, at end-August 2012 was 23,750.82, representing an increase of 3.0 per cent above the level in the preceding month. All, except two of the sectoral indices increased during the month. The NSE-30, NSE Consumer Goods, NSE Banking, and the newly introduced NSE Lotus Islamic Index (NSE LII) rose by 3.4, 3.9, 5.8, and 3.6 per cent to close the month at 1,113.67, 2,022.83, 368.6, and 1399.21 index points, respectively. The NSE Insurance and NSE Oil/Gas, however, declined by 2.4 and 7.2 per cent to close the month at 124.08 and 164.05 index points, respectively.

Figure 5: Market Capitalization and All-Share Index

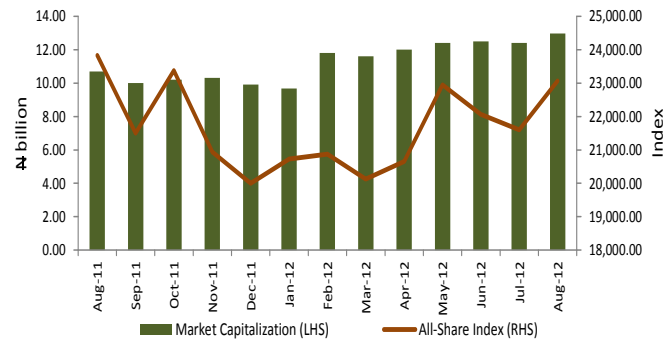


Table 5: Market Capitalization and All Share Index (NSE)

	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12
Market Capitalization (₦trillion)	10.0	10.2	10.3	9.9	10.2	11.8	11.6	12.0	12.4	12.5	12.4	13.0	13.1
All-Share Index	21,497.60	23,373.00	20,995.00	20,008.36	25,271.60	23,826.99	20,123.51	20,652.47	22,045.66	22,066.40	21,599.57	23,061.38	23,750.82

3.0 Fiscal Operations

3.1 Federation Account Operations

Total gross federally-collected revenue stood at ₦1,021.10 billion in August 2012, showing an increase of 26.4 and 3.6 per cent above the monthly budget estimate and the receipts in the preceding month, respectively. The increase relative to the level in the preceding month was attributed to the rise in oil revenue during the review month (Fig. 6, Table 6).

Gross federally-collected revenue rose above the level in the preceding month.

Figure 6: Components of Gross Federally-Collected Revenue

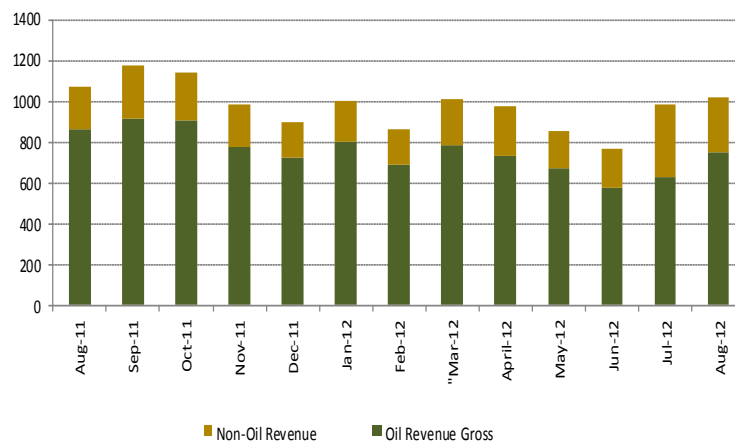


Table 6: Gross Federation Account Revenue (₦ billion)

	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12
Federally-collected revenue (Gross)	1109.5	1149.0	1143.3	949.7	902.6	1105.0	862.4	1013.6	899.9	855.1	766.3	985.8	1021.1
Oil Revenue	865.6	911.9	904.2	778.0	726.0	901.1	688.5	786.4	730.9	671.1	579.6	632.6	749.1
Non-Oil Revenue	243.9	237.1	239.1	211.8	176.6	203.9	173.9	227.2	243.9	184.0	186.7	353.2	272.0

At ₦749.11 billion, gross oil receipts, which constituted 73.4 per cent of the total revenue, exceeded both the receipts in the preceding month and the monthly budget estimate by 18.4 and 35.5 per cent, respectively. The development relative to the preceding month was attributed, largely to the increase in receipts from all the components and

Relative to the preceding month's level, oil receipts rose in August 2012.

favorable crude oil price at the international oil market (Fig. 7, Table 7).

Figure 7: Gross Oil Revenue and Its Components

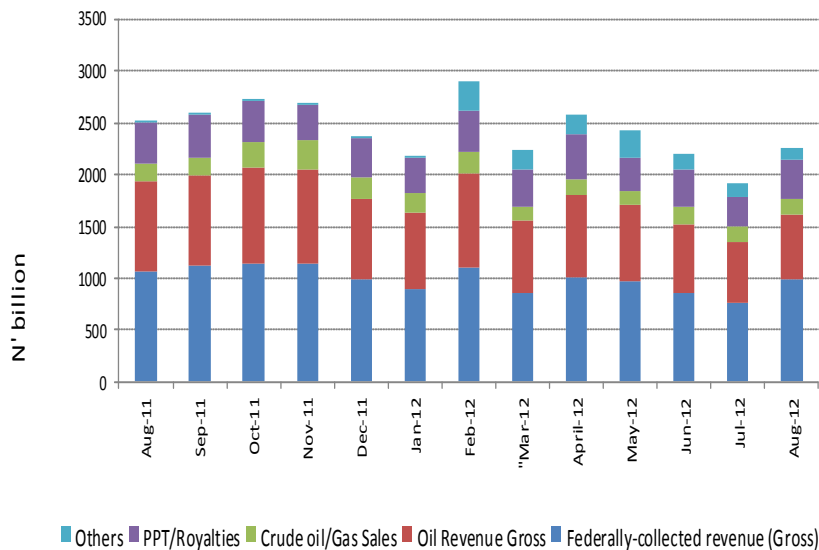


Table 7: Components of Gross Oil Revenue (N' billion)

	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12
Oil Revenue	865.6	911.9	904.2	778.0	726.0	901.1	688.5	786.4	730.9	671.1	579.6	632.6	749.1
Crude oil/Gas Sales	163.5	257.4	290.7	207.0	185.6	212.0	137.8	156.7	136.2	171.2	145.1	149.4	210.8
Domestic crude oil/G	285.3	264.3	278.8	190.3	183.2	275.3	182.6	193.9	271.4	137.4	130.1	98.3	139.4
PPT/Royalties	415.0	389.7	334.4	380.2	356.2	406.0	360.2	427.9	315.3	354.4	296.4	377.0	389.8
Others	0.3	1.8	0.5	0.2	0.4	7.9	7.8	8.0	8.0	145.5	137.9	106.2	148.5

The performance of non-oil receipts declined relative to both the monthly budget estimate and the preceding month's receipts.

At ₦271.99 billion, gross non-oil receipts, constituted 26.6 per cent of the total and was 23.0 and 6.8 per cent below the receipts in the preceding month and the monthly budget estimate, respectively. The decline in non-oil revenue relative to the receipts in the preceding month reflected, largely, the decline in corporate tax, customs/excise duties and the independent revenue of the Federal Government.

On cumulative basis, total federally collected revenue for the period January to August 2012 was estimated at ₦7,584.13 billion, reflecting an increase of 17.4 and 9.3 per cent over the budget estimate for the period and

the receipts in the corresponding period of 2011, respectively. Of this amount, oil receipts represented 75.7 per cent, while non-oil receipts accounted for the balance of 24.3 per cent.

Figure 8: Gross Non-Oil Revenue and its Components

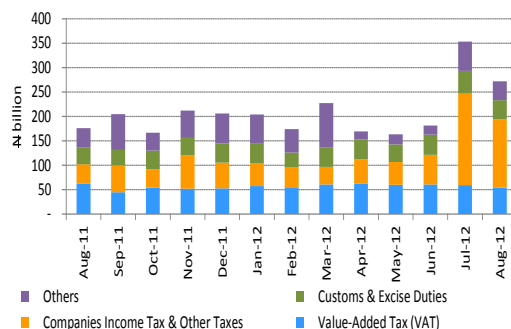


Table 8: Components of Gross Non-Oil Revenue (₦ billion)

	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12
Non-Oil Revenue	264.6	237.1	237.1	211.8	176.6	205.7	159.2	227.2	243.9	184.0	186.7	353.2	272.0
Value-Added Tax (VAT)	66.0	57.0	60.7	51.6	52.3	54.9	53.2	60.6	62.0	59.7	60.1	59.2	53.9
Companies Income Tax & Other Taxes	84.7	107.1	79.2	68.6	52.5	66.8	41.6	35.8	49.5	46.8	61.1	187.5	139.6
Customs & Excise Duties	40.3	36.1	39.9	35.6	39.5	38.6	30.9	39.0	40.6	35.7	41.3	46.2	39.3
Others	73.5	37.0	59.3	56.0	144.3	160.0	33.5	91.8	91.7	41.8	24.2	60.4	39.2

Of the gross federally-collected revenue during the month, the sum of ₦456.68 billion was transferred to the Federation Account for distribution among the three tiers of government and the 13.0% Derivation Fund. The Federal Government received ₦217.77 billion, while the state and local governments received ₦110.46 billion and ₦85.16 billion, respectively. The balance of ₦45.29 billion went to the 13.0% Derivation Fund for distribution by the oil-producing states. Also, the Federal Government received ₦7.76 billion from the VAT Pool Account, while the state and local governments received ₦25.88 billion and ₦18.11 billion, respectively.

Furthermore, the sum ₦35.54 billion was distributed as the Subsidy Reinvestment and Empowerment Programme (SURE-P) among the three tiers of government and the 13% Derivation Fund as follows: Federal Government (₦16.29 billion), State Governments (₦8.26 billion), Local Governments (₦6.37 billion) and 13% Derivation Fund (₦4.62 billion).

In addition, the NNPC Refund was shared by the sub-national governments and 13% Derivation Fund as follows: State Governments (₦3.74 billion), Local Governments (₦2.88 billion) and 13% Derivation Fund (₦0.99 billion).

3.2 The Fiscal Operations of the Three Tiers of Government

3.2.1 The Federal Government

At ₦243.21 billion, the estimated Federal Government retained revenue for August 2012, was lower than both the receipts in the preceding month and monthly budget estimate by 4.6 and 26.6 per cent, respectively. Of this amount, the Federation Account, SURE-P, Federal Government Independent Revenue and VAT Pool Account accounted for 89.5, 6.7, 0.6 and 3.2 per cent, respectively (Fig. 9).

Federal government estimated retained revenue was lower than the preceding month and the monthly budget estimate.

Figure 9: Sources of Federal Government Retained Revenue

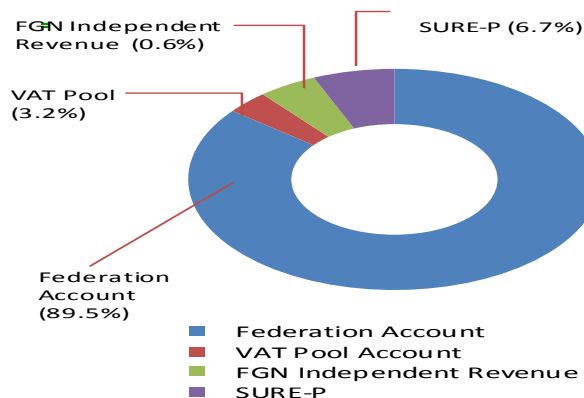


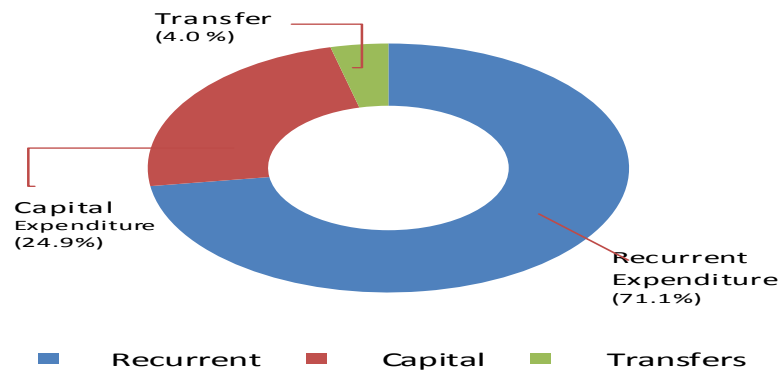
Table 9: Federal Government Fiscal Operations (₦ billion)

	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12
Retained Revenue	280.9	279.1	282.6	285.1	233.6	287.0	251.2	429.1	340.2	262.9	248.9	254.9	243.2
Expenditure	405.3	450.7	326.0	458.2	350.0	179.2	355.8	419.7	304.7	378.6	379.8	372.1	376.2
Overall Balance: (+)/(-)	313.6	-171.6	-43.5	173.1	-116.4	107.8	-104.6	9.4	35.5	-115.7	-130.9	-117.1	-132.9

At ₦376.15 billion, total estimated expenditure for August 2012 was higher than the level in the preceding month by 1.1 per cent, but lower than the monthly budget estimate by 11.7 per cent. A breakdown of the total expenditure showed that recurrent expenditure accounted for 71.1 per cent, while the capital expenditure and transfer components accounted for the balance of 24.9 and 4.0 per cent, respectively. Non-debt-obligations accounted for 92.0 per cent of the total recurrent expenditure, while debt service payments accounted for the balance of 8.0 per cent (Fig. 10).

Total estimated expenditure for August 2012 rose above the level in the preceding month but fell below the monthly budget estimate.

Figure 10: Federal Government Expenditure



Thus, the fiscal operations of the Federal Government in August 2012, resulted in an estimated deficit of ₦132.94 billion, compared with the monthly budgeted estimate of ₦94.68 billion deficit.

The fiscal operations of the FG resulted in an estimated deficit of ₦132.94 billion in August 2012.

3.2.2 Statutory Allocations to State Governments

Total receipts by state governments from the Federation and VAT Pool Accounts stood at ₦199.24 billion in August 2012. This was higher than the levels in the preceding month by 0.3 per cent, but was lower than the corresponding period of 2011 by 9.8 per cent.

The breakdown showed that, at ₦25.88 billion, receipt from the VAT Pool Account was lower than the levels in the preceding month and corresponding period of 2011 by 9.0 and 18.3 per cent, respectively. At ₦173.36 billion, state governments' receipt from the Federation Account rose above the level in the preceding month by 1.8 per cent, but was lower than the level in the corresponding month of 2011 by 18.3 per cent.

3.2.3 Statutory Allocations to Local Government Councils

Total receipts by the local governments from the Federation and VAT Pool Accounts during the month of August 2012, stood at ₦112.52 billion. This was lower than the levels in the preceding month and the corresponding period of 2011 by 1.7 and 9.6 per cent, respectively. Of this amount, receipts from the Federation Account was ₦94.41 billion (83.9 per cent of the total), while the VAT Pool Account accounted for ₦18.11 billion (16.1 per cent of the total).

4.0 Domestic Economic Conditions

The dominant agricultural activities in August 2012 were harvesting of maize, yam and vegetables. In the livestock sub-sector, farmers re-stocked broilers in anticipation of the end of year festivities. Crude oil production was estimated at 2.3 million barrels per day (mbd) or 71.3 million barrels during the month. The end-period inflation rate on a year-on-year basis, was 11.7 per cent, 1.1 percentage point below the level in the preceding month. The inflation rate on a 12-month moving average basis was 11.8 per cent, compared with the preceding month's level of 11.6 per cent.

4.1 Agricultural Sector

Available data indicated that agricultural activities in most part of the country received a major boost due to well distributed rainfall during the month. Activities in the sector were dominated by the harvesting of maize, yam and vegetables. In the livestock sub-sector, farmers continued the re-stocking of broilers in anticipation of sales during the forthcoming end of year festivities. Most poultry farmers also intensified clearing and disinfesting of broiler houses to minimize the incidence of diseases associated with the wet season.

A total of ₦2,302.8 million was guaranteed to 9,641 farmers under the Agricultural Credit Guarantee Scheme (ACGS). This represented an increase of 231.0 and 141.5 per cent above the loans guaranteed in the preceding month and the corresponding period of 2011, respectively. A sub-sectoral analysis of the loans guaranteed indicated that the food crop sub-sector had the largest share of ₦1,425.8 million (61.9 per cent) guaranteed to 7,158 beneficiaries, the livestock sub-sector received ₦539.4 million (23.4 per cent) for 891 beneficiaries, while fisheries sub-sector received ₦88.7 million (3.9 per cent) guaranteed to 134 beneficiaries. The cash crops sub-sector had ₦163.2 million (7.1 per cent) for 241 beneficiaries. "Others" received ₦2.9 million (0.1 per cent) for 69 beneficiaries, while the mixed crops received ₦82.8 million (3.6 per cent) guaranteed to 1,148 beneficiaries.

Analysis by state showed that 35 states (including the

At end-August 2012, the total amount released by the CBN under the CACS to the participating banks stood at ₦198.36 billion.

FCT) benefited from the Scheme during the review month, with the highest and lowest sums of ₦1,431.3 million (62.2 per cent) and ₦1.7 million (0.07 per cent) guaranteed to Delta and Rivers States, respectively.

At end-August 2012, the total amount released by the CBN under the Commercial Agriculture Credit Scheme (CACS) to the participating banks for disbursement stood at ₦198.36 billion for two hundred and sixty two (262) projects/promoters (Table 10).

Table 10: Disbursement of Credit under the Commercial Agriculture Credit Scheme (CACS) August 2012.

S/N	Participating Banks	Amount Disbursed (₦ billion)	Number of Projects
1	United Bank for Africa (UBA) Plc	41.76	35
2	Zenith Bank Plc	26.96	18
3	First Bank	22.21	61
4	Unity Bank Plc	19.51	21
5	Union Bank Plc	17.92	20
6	Stanbic IBTC Bank	11.74	23
7	Access Bank Plc	10.33	11
8	Skye Bank	9.23	7
9	Fidelity Bank Plc	8.58	8
10	Sterling Bank Plc	6.82	11
11	GTB Bank Plc	5.80	9
12	FCMB	4.79	8
13	Eco Bank	3.67	6
14	Citibank	3.00	2
15	Diamond Bank Plc	2.74	12
16	Mainstreet Bank	2.00	1
17	Wema Bank	0.74	5
18	Enterprise Bank	0.36	3
19	Keystone Bank	0.20	1
	TOTAL	198.36	262

4.2 Petroleum Sector

Crude oil and natural gas production was estimated at an average of 2.3 million barrels per day.

Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at an average of 2.3 million barrels per day (mbd) or 71.3 million barrels for the month. This was 0.07 mbd or 3.1 per cent above the average of 2.23 mbd or 69.13 million barrels produced in the preceding month. The development was attributed to the rise in crude oil production from the deep-water offshore and traditional on-shore fields

as well as reduction in crude oil theft due to increased security surveillance of the water ways.

Crude oil export was estimated at 1.85 mbd or 57.35 million barrels. This represented an increase of 3.9 per cent above the 1.78 mbd or 55.18 million barrels recorded in the preceding month. Deliveries to the refineries for domestic consumption stood at 0.45 mbd or 13.95 million barrels during the month under review.

At an estimated average of US\$114.24 per barrel, the price of Nigeria's reference crude, the Bonny Light (37° API), rose by 9.9 per cent, compared with the level in the preceding month. The increase in price was attributed to the rise in demand for crude oil mainly from Japan and North America as well as increased demand for fuel oil as an alternative power source during power outages in India. The average prices of other competing crudes, namely the West Texas Intermediate, U.K Brent and Forcados, at US\$92.79, US\$113.76 and US\$115.39 per barrel, respectively, also showed similar trend as the Bonny Light.

The average price of Nigeria's reference crude the Bonny Light rose by 9.9 per cent above the level in the preceding month to US\$114.24 per barrel.

The average price of the OPEC's basket of eleven crude streams increased by 10.0 per cent to US\$109.52 per barrel above the level recorded in the preceding month (Fig. 11, Table 11).

Figure 11: Trends in Crude Oil Prices

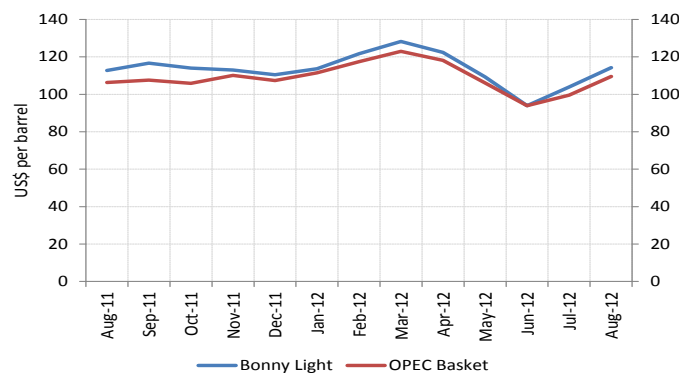


Table 11: Average Crude Oil Prices in the International Oil Market

	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12
Bonny Light	112.81	116.71	114.05	114.05	110.45	113.69	121.71	128.29	122.45	109.32	93.94	103.99	114.24
OPEC Basket	106.32	107.61	105.87	105.87	107.34	111.49	117.48	122.97	118.18	106.08	93.98	99.55	109.52

4.3 Consumer Prices

The general price level rose in August relative to July 2012, owing to the increase in the price indices of food and non-alcoholic beverages, among others.

Available data showed that the all-items composite Consumer Price Index (CPI) was 136.6 (November 2009=100), representing an increase of 0.7 per cent over the level in the preceding month. The development was attributed to the rise in the price of food and non-alcoholic beverages, housing, water, electricity, gas and other fuel, clothing and footwear, and transport.

The year-on-year headline inflation rate declined by 1.1 percentage point below the level in the preceding month.

The urban all-items CPI at end-August was 135.4 (November 2009=100), indicating an increase of 0.7 per cent over the level in the preceding month. The rural all-items CPI for the month, was 137.8 (November 2009=100), showing an increase of 0.7 per cent above the preceding month's level (Fig. 12, Table 11).

Headline inflation rate, on a year-on-year basis, was 11.7 per cent, indicating a decline of 1.1 percentage point below 12.8 per cent recorded in the preceding month. The inflation rate on a twelve-month moving average basis was 11.8 per cent, compared with 11.6 per cent in the preceding month (Fig. 13, Table 12).

The composite food index for the month was 135.9, indicating a month-on-month increase of 0.7 per cent. The development was accounted for by the increase in the prices of some produce, including yam, potatoes, vegetables, rice millet, maize, sorghum and fruit as well as processed food.

Figure12: Consumer Price Index

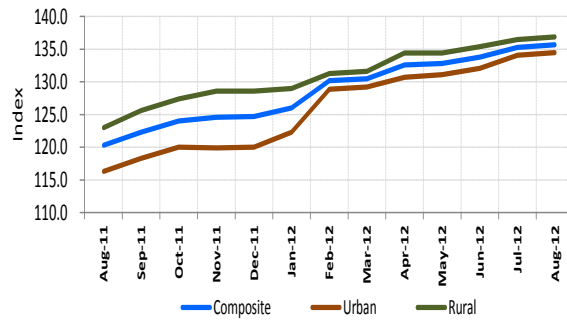


Table 12: Consumer Price Index (November 2009=100)

	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12
Composite	122.3	124.0	124.6	124.7	126.0	130.2	130.5	132.6	132.8	133.8	135.3	135.7	136.6
Urban	118.3	120.0	119.9	120.0	122.3	128.9	129.2	130.7	131.1	132.1	134.1	134.5	135.4
Rural	125.6	127.4	128.6	128.6	129.0	131.3	131.6	134.4	134.4	135.4	136.5	136.9	137.8
CPI - Food	123.7	124.8	125.0	125.4	128.1	129.3	129.1	132.1	132.3	133.9	134.5	135.0	135.9
CPI - Non Food	121.2	123.5	124.8	124.6	124.8	129.1	129.3	135.1	135.2	136.7	138.0	138.1	139.0

Figure13: Inflation Rate

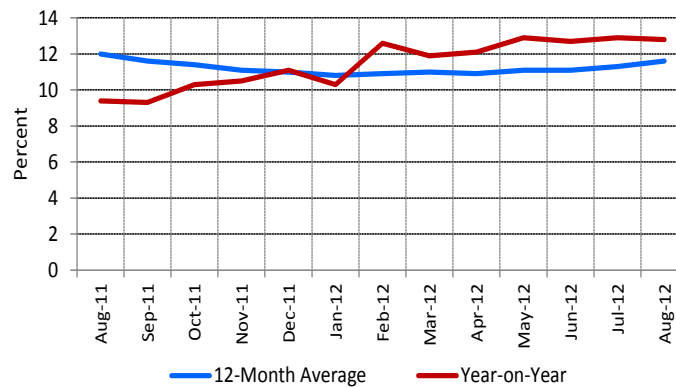


Table 13: Headline Inflation Rate (%)

	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12
12-Month Average	11.6	11.4	11.1	11.0	10.8	10.9	11.0	10.9	11.1	11.1	11.3	11.6	11.8
Year-on-Year	9.3	10.3	10.5	11.1	10.3	12.6	11.9	12.1	12.9	12.7	12.9	12.8	11.7

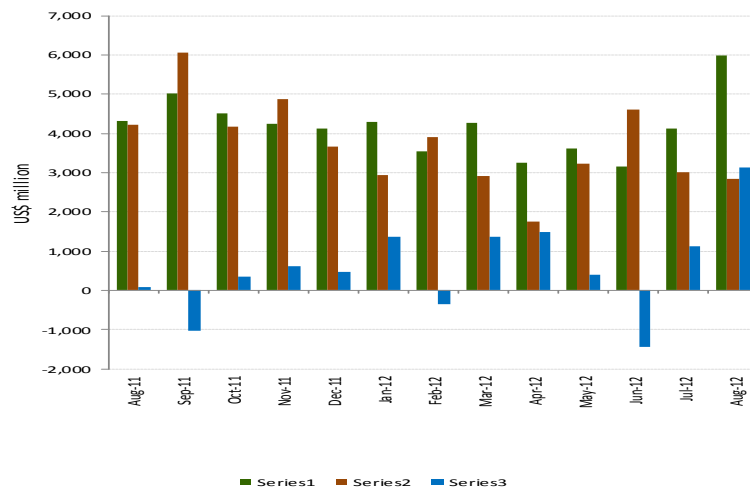
5.0 External Sector Developments

Provisional data indicated that foreign exchange inflow through the CBN rose by 44.7 per cent above the level in the preceding month, while outflow fell by 5.5 per cent. Total non-oil export receipts by banks rose by 32.6 per cent above the level in the preceding month. The gross external reserves increased by 8.9 per cent compared with the preceding month's level. The average exchange rate of the Naira vis-à-vis the US dollar, appreciated by 0.03 per cent to ₦157.38 per US dollar at the Wholesale Dutch Auction System (wDAS).

5.1 Foreign Exchange Flows

Foreign exchange inflow and outflow through the CBN in the month of August 2012 was US\$5.98 billion and US\$2.84 billion, respectively, resulting in a net inflow of US\$3.14 billion, compared with the net inflow of US\$1.13 billion recorded in July 2012. Relative to the level in the preceding month, inflow rose by 44.8 per cent, and was 37.3 per cent above the level in the corresponding period of 2011. The development was accounted for by the increase in receipts from its oil and non-oil components. Conversely, outflow through the CBN fell by 5.5 and 32.9 per cent below the levels in the preceding month and the corresponding period of 2011, respectively. The development relative to the preceding month was attributed to the 7.0, 34.8 and 51.2 per cent, reduction in wDAS utilization, drawings on LC and external debt service, respectively. A breakdown of the total wDAS utilization showed that wDAS sales accounted for the bulk (80.1 per cent) and cash sales to Bureaux-de-Change (BDC) operators (19.9 per cent). There was no wDAS-forward contract in the review month (Fig. 14, Table 14).

Foreign exchange inflow through the CBN rose by 44.8 per cent, while outflow declined by 5.5 per cent in August 2012.

Figure 14: Foreign Exchange Flows through the CBN**Table 14: Foreign Exchange Flows through the CBN (US\$ million)**

	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12
Inflow	4356.6	5030.4	4523.1	4265.0	4132.3	4307.0	3546.2	4266.6	3242.9	3627.1	3151.0	4132.1	5981.0
Outflow	4234.1	6060.7	4184.3	4880.3	3667.1	2945.8	3902.3	2912.4	1754.9	3239.7	4600.2	3006.6	2840.2
Netflow	81.7	-1030.3	338.8	624.3	465.2	1361.2	-356.1	1354.2	1488.0	387.4	-1449.3	1125.5	3140.8

Provisional data on aggregate foreign exchange flows through the economy indicated that total inflow was US\$12.04 billion, representing an increase of 39.5 and 25.9 per cent above the levels at the end of the preceding month and the corresponding month of 2011, respectively. The increase in inflow was driven mainly by crude oil receipts, non-oil exports and invisibles which rose by 24.6, 32.6 and 35.5 per cent, respectively. Inflow through the CBN accounted for 49.7 per cent of the total, while inflow from autonomous sources accounted for the balance of 50.3 per cent.

Non-oil public sector inflow into the economy rose by 192.9 per cent and accounted for 12.0 per cent of the total inflow in August 2012.

At US\$4.53 billion, oil sector receipts increased by 24.5 per cent above the level in the preceding month and accounted for 37.6 per cent of the total inflow. On a month-on-month basis, non-oil public sector inflow, at US\$1.45 million, rose by 192.9 per cent and accounted for 12.0 per cent of the total inflow, while autonomous

inflow, at US\$6.06 billion, rose by 34.9 per cent and, accounted for 50.3 per cent of the total.

At US\$2.98 billion, aggregate foreign exchange outflow from the economy fell by 6.4 per cent below the level in the preceding month. Thus, foreign exchange flows through the economy resulted in a net inflow of US\$9.06 billion in the review month, compared with US\$5.44 billion and US\$5.21 billion in the preceding month and the corresponding month of 2011, respectively. The outcome reflected, largely, a 7.0 per cent decline in the wDAS utilization of foreign exchange, during the month.

5.2 Non-Oil Export Earnings by Exporters

Total non-oil exports earnings, at US\$231.36 million, increased by 32.6 and 108.7 per cent above the levels in the preceding month and the corresponding period of 2011, respectively. The development reflected, largely, the increase in receipts in respect of industrial and manufactured products sub-sectors. A breakdown of receipts showed that proceeds of industrial, manufactured, agricultural, minerals and food sub-sectors stood at US\$100.2 million, US\$85.0 million, US\$23.5 million, US\$20.5 million, and US\$2.1 million, respectively.

Total non-oil export earnings rose on account of increase in the earnings from industrial and manufactured products sub-sectors.

The shares of industrial, manufactured, agricultural, minerals, food products and transport sub-sectors in non-oil export proceeds were 43.3, 36.7, 10.1, 8.9, 0.9 and 0.1 per cent, respectively.

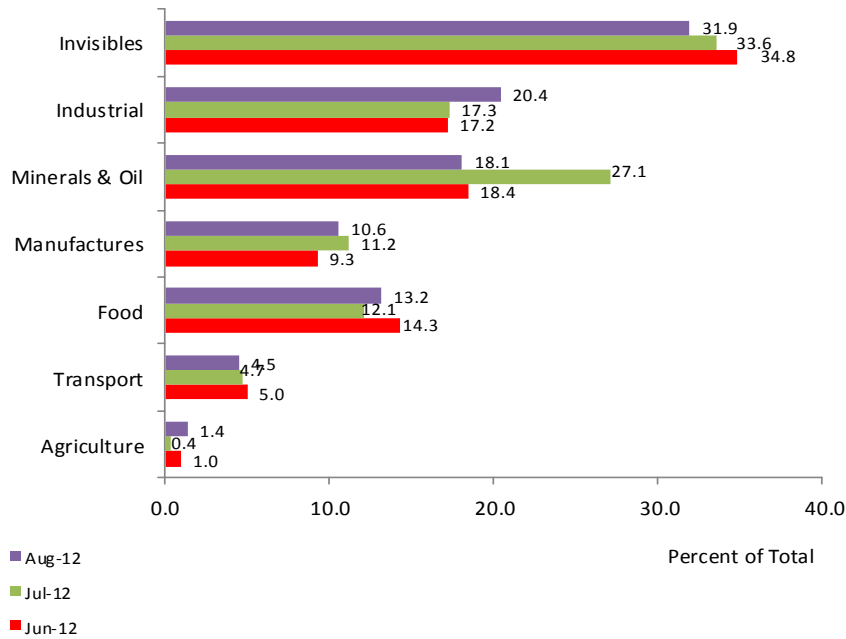
5.3 Sectoral Utilisation of Foreign Exchange

The visible sector accounted for the bulk (68.1 per cent) of total foreign exchange disbursed in August 2012. A breakdown of the sector showed that the industrial sector accounted for (20.4 per cent) followed by minerals and oil sector (18.1 per cent). Other beneficiary sectors, included: food products (13.2 per cent), manufactured product (10.6 per cent), transport (4.5 per cent) and agricultural products (1.4 per cent).

The visible sector accounted for the bulk of the total foreign exchange disbursed in August 2012.

(Fig.15).

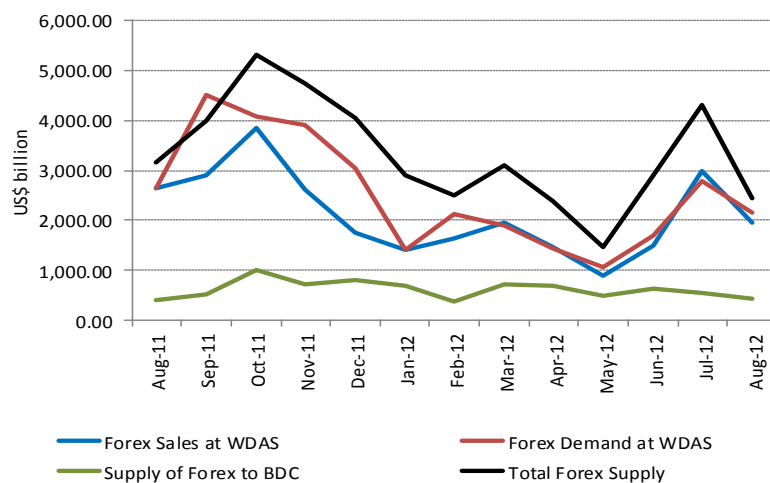
Figure15: Sectoral Utilisation of Foreign Exchange



5.4 Foreign Exchange Market Developments

Aggregate demand for foreign exchange by authorized dealers under the Wholesale Dutch Auction System (wDAS) and Bureaux-de-change (BDC) and wDAS-forward contract was US\$2.10 billion in August 2012, showing a decline of 18.6 and 62.4 per cent below the levels in the preceding month and the corresponding month of 2011, respectively. The decline in the aggregate demand relative to the preceding month's level was attributed to the increase in supply at the interbank segment by the Nigerian National Petroleum Commission (NNPC). A total of US\$2.30 billion was sold by the CBN to authorized dealers, reflecting a decline of 6.9 and 42.3 per cent below the levels in the preceding month and the corresponding period of 2011, respectively (Fig.16, Table 15).

Demand for foreign exchange by authorized dealers fell by 6.9 and 62.4 per cent below the levels in the preceding month and the corresponding month of 2011, respectively.

Figure 16: Demand for and Supply of Foreign Exchange**Table 15: Demand for and Supply of Foreign Exchange (US\$ billion)**

	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12
Forex Sales at WDAS	2889.1	3850.0	2607.0	1749.6	1397.9	1640.7	1942.2	1452.8	891.5	1487.0	3000.0	1961.7	1843.6
Forex Demand at WDAS	4504.5	4081.2	3900.0	3054.4	1415.3	2133.0	1892.0	1426.5	1052.9	1681.3	2777.6	2166.3	1646.4
Supply of Forex to BDC	504.3	995.7	716.8	795.4	675.7	365.7	720.6	698.2	492.8	633.8	544.8	419.5	457.7
Total Forex Supply	3677.0	5157.6	3923.0	4056.3	3151.5	2492.6	3101.5	2387.9	1451.3	2895.0	4317.2	2428.2	2301.3

Under the wDAS, the average exchange rates of the Naira vis-à-vis the US dollar, appreciated by 0.03 per cent, to ₦157.38 per US dollar, compared with the level in the preceding month. It, also, appreciated at both the interbank and BDC segments of the market by 1.5 and 0.7 per cent to ₦158.97 and ₦162.24 per US dollar, respectively.

Consequently, the premium between the wDAS and bureaux-de-change rates narrowed to 3.1 per cent from 3.7 per cent in the preceding month. It also narrowed at the interbank market to 1.0 per cent from 2.5 per cent in the preceding month.

The Naira exchange rate vis-à-vis the US dollar, on average, appreciated at the three segments of the market in August 2012.

Figure 17: Average Exchange Rate Movement

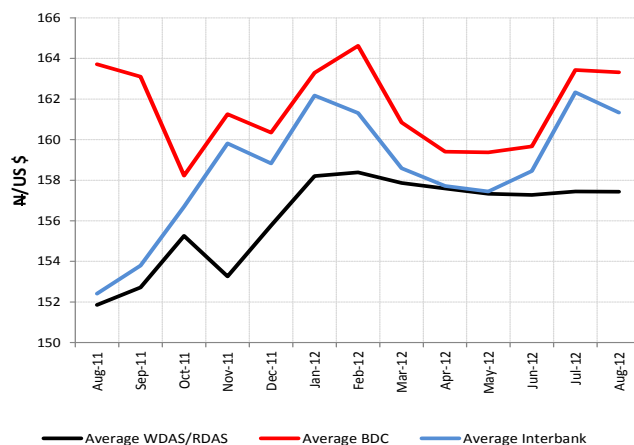
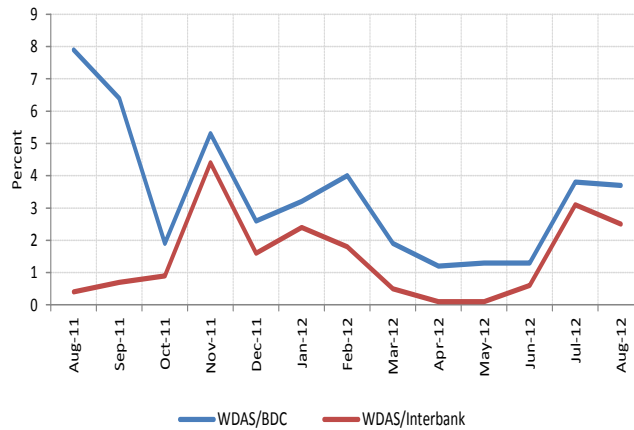


Table 16: Exchange Rate Movements and Exchange Rate Premium

	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12
Average Exchange Rate (N/\$)													
WDAS/RDAS	152.7	155.3	153.3	155.8	158.2	158.4	157.9	157.6	157.3	157.3	157.4	157.4	157.4
BDC	163.1	158.2	161.2	160.4	163.4	164.7	160.9	159.4	159.4	159.7	163.4	163.3	162.2
Interbank	153.8	156.7	159.8	158.8	162.2	161.3	158.6	157.7	157.4	158.5	162.3	161.3	159.0
Premium (%)													
WDAS/BDC	7.9	6.4	1.9	2.6	3.2	4.0	1.9	1.2	1.3	1.3	3.8	3.7	3.1
WDAS/Interbank	0.9	0.8	0.4	0.7	0.9	1.6	2.6	0.4	0.1	0.6	3.1	2.5	1.0

Figure 18: Exchange Rate Premium



5.5 Gross External Reserves

The gross external reserves at the end of August 2012 stood at US\$39.51 billion, indicating an increase of 8.9 and 20.1 per cent above the levels in the preceding month and the corresponding period of 2011, respectively. A breakdown of the reserves showed that the Federation Account portion (Excess Crude) was US\$9.60 billion (24.3 per cent); Federal Government holding, US\$3.37 billion (8.5 per cent) and CBN reserves, US\$26.54 billion (67.2 per cent), (Fig. 19, Table 17).

Gross external reserves increased in August 2012.

Figure 19: Gross External Reserves

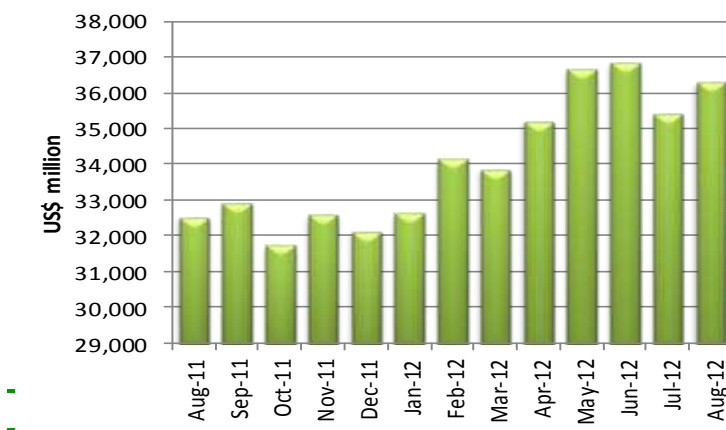


Table 17: Gross External Reserves (US\$ million)

	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12
External Reserves	32,914.97	31,740.23	32,594.69	32,125.22	32,639.78	34,136.57	33,857.37	35,190.79	36,660.89	36,839.53	35,412.50	36,285.32	33,519.81

6.0 Other International Economic Developments and Meetings

World crude oil output in August 2012 stood at 90.30 million barrels per day (mbd), while demand was 88.74 million barrels per day (mbd), compared with 89.43 and 87.69 mbd supplied and demanded, respectively, in the preceding month.

Other major international economic developments and meetings of relevance to the domestic economy during the month included: the 36th Ordinary Meeting of the Assembly of Governors of the Association of African Central Banks (AACB) which took place in Algeria, on August 30, 2012 under the chairmanship of the Governor, Reserve Bank of Malawi. The meeting was preceded by the meetings of the AACB Technical Committee; the Joint AUC-AACB Committee; and the AACB Bureau. The meetings discussed the:

- Progress Report on the activities of the AUC-AACB Joint Committee;
- Implementation of the African Monetary Cooperation Programme (AMCP);
- Progress Report on the “Community of African Banking Supervisors” (CABS) and adopted the terms of reference of the CABS;
- Approved the theme “Financial Inclusion in Africa: Financial Innovations Challenges for Monetary Policy and Financial Sector Stability” for the 2013 Symposium and “The Role of Central Banks in Facilitating Sustainable Economic Growth in Africa” for the 2013 AACB Continental Seminar; and
- Elected the Governor, Bank of Algeria as the new President of the Bureau of the Association of African Central Banks; while the Governor, Bank of Mauritius was elected as Vice President. The Regional Economic Blocs elected the Central Bank of Nigeria to the membership of the Bureau for the West Africa Sub-region.

In another development, the Stakeholders' Forum on Capital Markets Integration in West Africa was held in Accra, Ghana from August 23- 24, 2012. It was organized by the West African Monetary Institute (WAMI) in collaboration with the Ghana Stock Exchange and funded by the World Bank. The theme of the forum was "Capital Market Integration-Global Trends and Perspective and Capital Market Integration in the zone-Where We Are". The objective of the forum was to resuscitate efforts at implementing the capital markets integration initiatives in West Africa. Participants identified the modalities for harmonizing the rules and procedures of member countries to link capital market platforms electronically and provide a single access point in the sub region in line with international standards. The Forum identified important areas of collaboration with the Central Banks in the sub-region to include: payment settlements; capital account movement; foreign exchange controls and money laundering, towards facilitating the capital market integration process.

It was agreed that the Secretariat would be domiciled at WAMI, with members drawn from the Securities and Exchange Commissions and the Stock Exchanges of member countries.

APPENDIX TABLES

Table A1: Money and Credit Aggregates

	Feb 12	Mar 12	Apr 12	May-12	Jun-12	Jul-12	Aug-12
Domestic Credit (Net)	13,478.0	13,679.1	13,407.4	13,251.7	13,313.1	13,098.8	13,163.4
<i>Claims on Federal Government (Net)</i>	(576.2)	(440.8)	(785.2)	(1,220.9)	(1,380.5)	(1,746.6)	(1,721.5)
Central Bank (Net)	(3,299.6)	(3,202.6)	(3,494.5)	(3,998.6)	(3,969.9)	(4,097.3)	(3,731.1)
Banks	2,723.4	2,761.8	2,709.3	2,772.7	2,584.5	2,345.8	2,004.5
Non Interest Banks				-	4,912.5	4,912.5	5,128.4
<i>Claims on Private Sector</i>	14,054.1	14,119.9	14,192.6	14,472.6	14,693.6	14,845.4	14,884.8
Central Bank	4,622.5	4,599.33	4,642.4	4,730.6	4,645.2	4,610.2	4,625.7
Banks	9,431.7	9,520.6	9,550.2	4,742.0	10,048.4	10,234.8	10,258.7
Non Interest Banks					1.5	0.4	0.4
<i>Claims on Other Private Sector</i>	13,546.0	13,581.8	13,640.5	13,900.5	14,107.3	14,253.0	14,304.2
Central Bank	4,622.5	4,599.3	4,642.4	4,730.6	4,645.2	4,610.2	4,625.7
Banks	8,923.5	8,982.4	8,998.2	9,169.8	9,462.1	9,642.4	9,678.1
Non Interest Banks				-	-	0.4	0.4
<i>Claims on State and Local Government</i>	508.1	538.1	552.1	572.1	586.3	592.4	580.6
Central Bank				-	-	-	-
Banks	508.1	538.1	552.1	572.1	586.3	592.4	580.6
Non Interest Banks				-	-	-	-
<i>Claims on Non-financial Public Enterprises</i>							
Central Bank							
Banks							
Foreign Assets (Net)	7,228.1	7,306.7	7,692.1	7,984.8	7,525.2	7,815.1	8,069.2
Central Bank	5,600.0	5,755.8	6,102.7	6,290.6	6,028.3	6,301.3	6,286.8
Banks	1,628.1	1,550.9	1,589.4	1,694.2	1,496.9	1,513.8	1,782.3
Non Interest Banks				-	-	-	-
Other Assets (Net)	(7,558.0)	(7,714.8)	(7,794.7)	(7,633.3)	(7,354.9)	(7,522.5)	(7,463.5)
Total Monetary Assets (M2)	13,148.1	13,271.0	13,304.8	13,601.1	13,483.4	13,391.4	13,769.0
Quasi-Money 1/	6,733.2	6,748.0	6,636.0	7,068.6	6,883.7	6,988.6	7,525.7
Money Supply (M1)	6,414.9	6,522.9	6,668.8	6,534.5	6,599.7	6,402.7	6,243.3
<i>Currency Outside Banks</i>	1,081.7	1,141.4	1,111.1	1,121.6	1,088.3	1,076.8	1,080.8
<i>Demand Deposits 2/</i>	5,333.3	5,381.6	5,557.7	5,412.9	5,511.4	5,325.9	Feb-14
Total Monetary Liabilities (M2)	13,148.1	13,271.0	13,304.8	13,603.1	13,483.4	13,391.4	13,769.0
Memorandum Items:							
Reserve Money (RM)	2,760.0	2,527.6	2,589.5	2,506.7	2,512.5	2,895.3	3,051.7
<i>Currency in Circulation (CIC)</i>	1,438.6	1,432.8	1,422.4	1,399.0	1,363.7	1,362.6	1,368.2
<i>DMBs Demand Deposit with CBN</i>	1,321.3	1,094.8	1,167.1	1,107.7	1,148.7	1,532.7	1,683.5

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

2/ Demand Deposits consists 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-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12
	Growth over Preceding December(%)								
Domestic Credit (Net)	57.3	2.0	-1.6	-0.1	-2.0	-3.2	-2.7	-4.3	-3.8
Claims on Federal Government (Net)	52.7	-35.9	-8.3	11.3	-58.0	-145.7	-177.9	-251.5	-246.5
Claims on Private Sector	44.7	3.2	-1.2	-0.4	0.1	2.0	3.6	4.7	4.9
Claims on Other Private Sector	45.0	3.5	-1.2	-0.6	-0.2	1.7	3.2	4.3	4.6
Claims on State and Local Government	38.8	-3.2	-1.0	4.9	7.6	11.5	14.2	15.4	13.1
Claims on Non-financial Public Enterprises									
Foreign Assets (Net)	9.7	-3.9	1.3	2.4	7.8	11.9	5.4	9.5	13.0
Other Assets (Net)	-104.3	-3.5	-0.3	-2.6	-3.6	-1.5	2.2	0.0	0.8
Total Monetary Assets (M2)	15.4	3.4	-1.1	-0.2	0.0	2.3	1.4	0.7	3.5
Quasi-Money 1/	9.7	6.1	3.1	3.3	1.6	8.2	5.4	7.0	15.2
Money Supply (M1)	21.5	0.8	-5.2	-3.7	-1.5	-3.5	-2.5	-5.5	-7.8
Currency Outside Banks	15.1	-12.2	-13.1	-8.3	-10.8	-9.9	-12.6	-13.5	-13.2
Demand Deposits 2/	23.0	3.7	-3.4	-2.6	0.6	-2.1	-0.3	-3.6	-6.6
Total Monetary Liabilities (M2)	15.4	3.4	-1.1	-0.2	0.0	2.3	1.4	0.7	3.5
Memorandum Items:									
Reserve Money (RM)	50.9	-3.4	-0.9	-9.2	-7.0	-10.0	-7.0	4.0	9.6
Currency in Circulation (CIC)	13.6	-5.8	-8.1	-8.5	-9.2	-10.7	-12.9	-13.0	-12.6
DMBs Demand Deposit with CBN	160.5	11.0	8.5	-10.1	-4.2	-9.1	-5.7	25.8	38.2
	Growth over Preceding Month (%)								
Domestic Credit (Net)	22.0	2.0	-3.5	1.6	-2.0	-1.2	0.5	-1.6	0.5
Claims on Federal Government (Net)	55.4	-35.8	20.3	18.6	-78.1	-55.5	-13.1	26.5	-1.4
Claims on Private Sector	14.6	3.2	-4.3	0.8	0.5	2.0	1.5	1.0	0.3
Claims on Other Private Sector	14.2	3.5	-4.5	0.6	0.4	1.9	1.5	1.0	0.4
Claims on State and Local Government	26.6	-3.7	2.8	5.9	2.6	3.6	2.5	1.0	-2.0
Claims on Non-financial Public Enterprises									
Foreign Assets (Net)	7.8	3.9	-2.5	1.0	5.3	3.8	-5.8	3.9	3.3
Central Bank	13.3	1.9	-5.6	2.7	6.0	3.1	-4.2	4.5	-0.2
Banks	-11.3	12.6	10.0	-4.7	2.5	6.6	-11.6	1.1	17.7
Other Assets (Net)	-33.7	-1.2	0.9	-2.2	-1.0	2.1	3.7	-2.3	-0.8
Total Monetary Assets (M2)	8.9	3.4	-4.4	0.9	0.3	2.2	-0.9	-0.7	2.8
Quasi-Money 1/	1.5	6.1	-2.8	0.2	-1.7	6.5	-2.6	1.5	7.7
Money Supply (M1)	17.2	0.8	-6.0	1.6	2.2	-2.0	1.0	-3.0	-2.5
Currency Outside Banks	16.5	-12.2	-1.1	5.5	-2.7	0.9	-3.0	-1.1	0.4
Demand Deposits 2/	17.3	3.7	-6.9	0.8	3.3	-2.6	1.8	-3.4	-3.1
Total Monetary Liabilities (M2)	8.9	3.4	-4.4	0.9	0.3	2.2	-0.9	-0.7	2.8
Memorandum Items:									
Reserve Money (RM)	18.9	-3.4	2.6	-8.4	2.5	-3.2	3.3	15.2	5.4
Currency in Circulation (CIC)	12.6	-5.8	-2.5	-0.4	-0.7	-1.7	-2.5	-0.1	0.4
DMBs Demand Deposit with CBN	28.0	11.0	9.0	-17.2	6.6	-5.1	3.7	33.4	9.8

Table A3: Federal Government Fiscal Operations (₦ billion)

	Dec-11	Jan-12	Feb-12	Dec-31	Jan-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12
Retained Revenue	233.6	287.0	251.2	282.6	273.7	429.1	340.2	262.9	248.9	254.9	243.2
Federation Account	194.1	213.6	173.5	260.7	173.5	189.2	234.0	207.6	218.2	218.3	217.8
VAT Pool Account	7.5	8.2	7.7	8.8	7.7	8.7	8.9	8.6	8.7	8.5	7.8
FGN Independent Revenue	4.6	14.9	33.4	13.1	6.9	77.2	74.9	20.6	5.7	11.8	1.4
Excess Crude	0.0	0.0	0.0	0.0	0.0	34.4	0.0	0.0	0.0	0.0	0.0
Others	27.4	50.3	36.7	0.0	0.0	119.6	22.4	16.3	16.3	16.3	16.3
Expenditure	350.0	179.2	355.8	326.0	424.9	419.7	304.7	378.6	379.8	372.1	376.2
Recurrent	263.8	141.5	308.4	208.9	289.2	264.3	240.4	273.3	260.6	270.4	267.4
Capital	64.0	0.0	0.0	66.5	135.7	155.4	51.8	85.4	108.4	87.3	93.7
Transfers	22.2	37.7	47.4	20.5	20.6	20.2	20.2	18.5	18.9	17.9	17.7
Overall Balance: Surplus(+)/Deficit(-)	-116.4	107.8	-104.6	-43.5	151.2	9.4	33.5	-115.7	-130.9	-117.1	-132.9

