



CENTRAL BANK OF NIGERIA

***ECONOMIC REPORT
JANUARY 2013***

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.

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

The Economic Reports can also be freely downloaded from the CBN website: www.cbn.gov.ng

Contents

1.0	Summary.....	1
2.0	Financial Sector Developments	5
2.1	Monetary and Credit Developments	5
2.2	Currency-in-circulation (CIC) and Deposits at the CBN.....	8
2.3	Money Market Developments	9
2.3.1	<i>Interest Rate Developments</i>	9
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>	12
2.4	Deposit Money Banks' Activities.....	13
2.5	Discount Houses' Activities	13
2.6	Capital Market Developments	14
2.6.1	<i>Secondary Market</i>	14
2.6.2	<i>Over-the-Counter (OTC) Bonds Market</i>	15
2.6.3	<i>New Issues Market</i>	15
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	27
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.....	15
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.....	30
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.....	37

Appendix Tables

Table A1: Money and Credit Aggregates.....	45
Table A2: Money and Credit Aggregates Growth Rates.....	46
Table A3: Federal Government Fiscal Operations	47

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)	10
Figure 4: Volume and Value of Traded Securities	15
Figure 5: Market Capitalization and All-Share Index	16
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.....	28
Figure 12: Consumer Price Index.....	29
Figure 13: Inflation Rate	30
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	36
Figure 19: Gross External Reserves	37

1.0 Summary

Growth in the key monetary aggregate was moderate in the month of January 2013. On month-on-month basis, broad money (M_2) increased by 0.3 per cent, due largely to the 3.8 and 2.2 per cent growth in domestic credit (net) and foreign asset (net) of the banking system, respectively. However, Narrow money (M_1) fell by 1.8 per cent below the level at the end of the preceding month, due largely to the 11.2 per cent decline in its currency outside banks component. Reserve money (RM) fell by 8.5 per cent from its level in the preceding month.

Available data indicated mixed development in banks' deposit and lending rates during the review month. With the exception of the average savings and 1 month deposit rates, all other bank deposit rates trended downward. Similarly, the prime lending rate trended upward, while the maximum lending rate declined during the review month. The spread between the weighted average term deposit and maximum lending rates widened by 1.25 percentage points to 16.88 per cent in January 2013. In contrast, the margin between the average savings deposit and maximum lending rates narrowed by 0.10 percentage point to 22.85 per cent at the end of the review month. The weighted average interbank call rate fell to 11.67 per cent from 11.88 per cent in the preceding month, reflecting the liquidity condition in the interbank funds market during the month.

Provisional data indicated that the value of money market assets outstanding at end-January 2013 was ₦6,247.67 billion, showing an increase of 0.5 per cent, compared with growth of 20.9 per cent at the end of the preceding month. The development was attributed to the increase of 3.5 per cent in the value of Nigerian Treasury Bills. The Nigerian Stock Exchange (NSE) closed the month on a bullish note.

Federally-collected revenue (gross) in January 2013 was estimated at ₦774.75 billion, showing an increase of 1.8 per cent above the receipts in the preceding month, but fell below the provisional monthly budget estimate of ₦807.71. At ₦599.0 billion, oil receipts (gross) was above the provisional monthly budget estimate and the level in the preceding month. This was attributed largely, to the increase in prices of crude oil in the international market.

Non-oil receipts, at ₦175.75 billion (22.7 per cent of the

federally collected revenue (gross), was 31.0 per cent lower than the provisional monthly budget estimate, but 0.2 per cent higher than receipts in the preceding month. The decline relative to the provisional budget estimate reflected, largely, the fall in independent revenue of the Federal Government and corporate tax. Federal Government estimated retained revenue in January 2013 was ₦243.62 billion, while total estimated expenditure was ₦421.62 billion. Thus, the fiscal operations of the Federal Government resulted in an estimated deficit of ₦178.0 billion, compared with the estimated monthly budget deficit of ₦94.68 billion.

The dominant agricultural activities in January 2013 included: irrigated cultivation of vegetables; harvesting of tree crops and clearing of land for 2013 cropping season. Crude oil production, including condensates and natural gas liquids in January was estimated at 2.09 million barrels per day (mbd) or 64.79 million barrels for the month. Crude oil export was estimated at 1.64 million barrels per day (mbd) or 50.84 million barrels during the month. The average price of Nigeria's reference crude, the Bonny Light (37^o API), was estimated at US\$115.15 per barrel, indicating an increase of 2.4 per cent above the level in the preceding month.

The end-period headline inflation rate (year-on-year), in January 2013, was 9.0 per cent, 3.0 percentage points below the level in the preceding month. Inflation rate on a twelve-month moving average basis fell by 0.3 percentage point to 11.9 per cent from the level in the preceding month.

Foreign exchange inflow and outflow through the CBN in January 2013 were US\$3.32 billion and US\$1.54 billion, respectively, and resulted in a net inflow of US\$1.78 billion. Foreign exchange sales by the CBN to the authorized dealers amounted to US\$1.02 billion, showing a decline of 17.4 per cent below the level in the preceding month.

Relative to the level in the preceding 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 declined significantly by 20.6 per cent below the level in the preceding month; this was attributed, largely, to the fall in export earnings from the agricultural sector and food products.

World crude oil output in January 2013 was estimated at

90.12 million barrels per day (mbd), while demand was estimated at 88.99 million barrels per day (mbd)), representing an excess supply of 1.13 mbd, compared with 90.95 and 90.06 mbd supplied and demanded, respectively, in the preceding month.

Other major international economic development and meetings of importance to the domestic economy during the review period included: The World Economic Forum annual meeting was from January 23-27, 2013 at Davos-Klosters, Switzerland with the theme "Resilient Dynamism". The main pillars and sub-pillars of the meeting were: Leading through Adversity (Building Resilient Institutions, Improving Decision-Making, Strengthening Personal Resilience); Restoring Economic Dynamism (Achieving Inclusive Prosperity, Rebuilding Economic Confidence, Unleashing Entrepreneurship Innovation); and Strengthening Societal Resilience (Reinforcing Critical Systems, Sustaining Natural Resources, Establishing Shared Norms). In a related development, the meeting of the West African Monetary Zone (WAMZ), the West African Monetary Agency (WAMA) and the West African Institute for Financial and Economic Management (WAIFEM) was held in Abuja, Nigeria from January 11-18, 2013 during which major decisions were taken including the appointment of Dr. Abwaku Englama of the Central Bank of Nigeria as the new substantive Director-General of WAMI, effective February 1, 2013. Furthermore, the 43rd meeting of the Committee of Governors of Central Banks of ECOWAS member states was held in Abuja on January 17, 2013. The Governors discussed the fragile global economic conditions characterized by the Eurozone debt crisis, fiscal challenges in the United States, the declining growth in the emerging and developing countries and the decline in commodity prices. Finally, the 5th meeting of the inter-institutional sub-committee on ECOWAS Single Currency Programme was held in Abuja from January 21-23, 2013 to undertake a comprehensive review of the roadmap of the on-going implementation activities undertaken by individual regional institutions, since its last meeting.

2.0 *Financial Sector Developments*

2.1 Monetary and Credit Developments

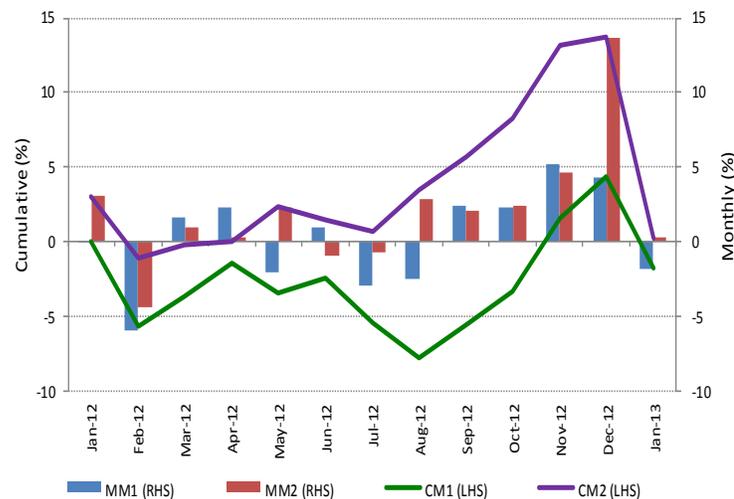
Growth in the major monetary aggregate was moderate at the end of the review month. Available data indicated mixed developments in the banks' deposit and lending rates during the month. The value of money market assets outstanding increased, owing, largely, to the rise in the value of Nigerian Treasury Bills. Transactions on the Nigerian Stock Exchange (NSE) were bullish as all the major market indicators trended upwards during the review month.

Growth in the key monetary aggregate was moderate in January 2013.

Provisional data indicated that growth in the major monetary aggregate was moderate at end-January 2013. Broad money supply (M_2), at ₦15,169.4 billion, rose marginally by 0.3 per cent above the level at the end of the preceding month, compared with the growth of 3.4 per cent at the end of the corresponding month of 2012. The development reflected the 3.8 and 2.2 per cent increase in domestic credit (net) and foreign asset (net) of the banking system, respectively, which more than off-set the 8.7 per cent decline in other asset (net) of the banking system. Over the level at end December, (M_2) grew by 13.7 per cent.

Narrow money supply (M_1), at ₦6,939.8 billion, declined by 1.8 per cent below the level at the end of the preceding month. The development was attributed to the 11.2 per cent decline in currency outside banks, which more than offset the marginal growth of 0.3 per cent growth in the demand deposit component. It, however, grew by 0.8 per cent at the end of the corresponding period of 2012. Over the level at end December 2012, (M_1) grew by 4.3 per cent. (Fig. 1, Table 1).

Quasi-money grew by 2.1 per cent to ₦8,229.6 billion, compared with growth of 23.4 and 6.1 per cent at the end of the preceding month and corresponding period of 2012, respectively. The development reflected the increase in time and savings deposits with the deposit money banks (DMBs).

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

At ₦14,482.85 billion, aggregate banking system credit (net) to the domestic economy at end-January 2013 rose by 3.8 per cent, on month-on-month basis, compared with the growth of 1.9 and 2.0 per cent at the end of the preceding month and corresponding period of 2012, respectively. The development reflected, wholly, the 51.2 per cent increase in (net) claims on the Federal Government.

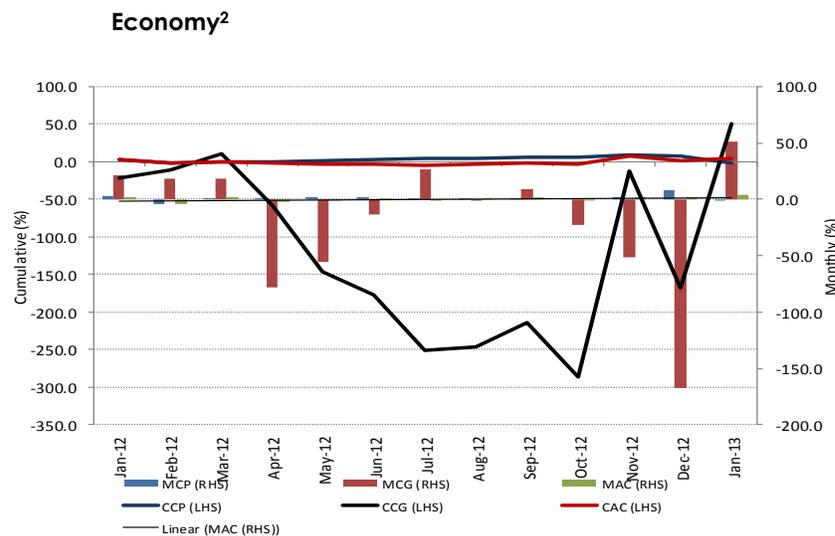
Banking system's credit (net) to the Federal Government, on month-on-month basis, rose by 51.2 per cent to negative ₦648.4 billion, in contrast to the decline of 167.2 per cent at the end of the preceding month. The development was attributed, largely, to the 20.3 per cent increase in the banking system's holdings of Nigerian Treasury Bills. The Federal Government, however, remained a net lender to the banking system at the end of the review month.

Banking system's credit to the private sector declined by 1.0 per cent to ₦15,131.2 billion, in contrast to the 7.8 and 3.2 per cent increase at the end of the preceding

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

month and the corresponding period of 2012, respectively. Similarly, banking system's claims on the core private sector declined by 1.2 per cent to ₦14,450.92 billion, in contrast to the 6.9 and 3.5 per cent increase at the end of the preceding month and the corresponding period of 2012, respectively. The development reflected, largely, the fall in the monetary authority's claims on the core private sector (Fig. 2, Table 1).

Figure 2: Growth Rate of Aggregate Domestic Credit to the



At ₦9,302.43 billion, foreign assets (net) of the banking system rose by 2.2 per cent at end-January 2013, compared with the increase of 27.5 and 3.9 per cent at the end of the preceding month and the corresponding period of 2012, respectively. The development was attributed to the 2.6 per cent increase in the CBN's holdings of foreign assets.

Foreign assets (net) of the banking system rose on month-on-month basis at end January 2013.

Other assets (net) of the banking system, on a month-on-month basis, fell by 8.7 per cent to negative ₦8,615.94 billion, compared with 5.4 and 2.1 per cent decline at the end of the preceding month and the

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).

corresponding period of 2012, respectively. The decline reflected, largely, the fall in unclassified assets of both the CBN and the DMBs.

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

	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13
Domestic Credit (Net)	3.5	22.0	2.0	-3.5	1.6	-2.0	-1.6		-1.6	-1.2	10.0	2.0	3.8
Claims on Federal Government (Net)	12.7	55.4	-35.8	20.3	18.6	-78.1	26.5	-13.1	26.5	-22.6	-51.2	-167.2	51.2
Claims on Private Sector	1.7	14.6	3.2	-4.3	0.8	0.5	1.0	1.5	1.0	1.3	2.0	7.8	-1.0
Claims on Other Private Sector	2.0	14.2	3.5	-4.5	0.6	0.4	1.0	1.9	1.0	1.2	1.8	6.9	-1.2
Foreign Assets (Net)	-1.5	7.8	3.9	-2.5	1.0	5.3	3.9	-5.8	3.9	6.0	-0.4	27.5	2.2
Other Assets (Net)	-4.5	-33.7	-1.2	0.9	-2.2	-1.0	-2.3	3.7	-2.3	0.0	-8.4	-5.4	-8.7
Broad Money Supply (M2)	0.3	8.9	3.4	-4.4	0.9	2.9	-0.7	-0.9	-0.7	2.4	4.6	13.7	0.3
Quasi-Money	1.0	1.5	6.1	-2.8	0.2	-1.7	1.5	-2.6	1.5	2.4	4.1	23.4	2.1
Narrow Money Supply (M1)	-0.5	17.1	0.8	-6.0	1.6	2.2	-3.0	1.0	-3.0	2.3	5.2	4.3	-1.8
Reserve Money (RM)	-1.0	18.9	-3.4	2.6	-8.4	2.5	15.2	3.3	15.2	-2.5	-2.0	26.9	-8.5

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

At ₦1,457.3 billion, currency in circulation fell by 10.7 per cent in the review month, in contrast to an increase of 4.2 per cent at the end of the preceding month. The development reflected, wholly, the 11.2 per cent decline in currency outside banks.

Total deposits at the CBN amounted to ₦6,787.5 billion, indicating a decline of 7.7 per cent below the level at the end of the preceding month. The development reflected, largely, the fall in Federal Government and DMBs deposits, which more than offset the increase in deposits by “others”. Of the total deposits, the percentage shares of the Federal Government, banks and “others” were 63.4, 26.2 and 10.4 per cent, respectively.

Reserve money (RM) fell by 8.5 per cent to ₦3,232.7 billion at the end of the review month, reflecting the trends in DMBs’ deposits with the CBN.

Reserve money (RM) fell during the review.

2.3 Money Market Developments

The money market experienced liquidity ease, as most financial market indicators trended downward in the review month. In addition to the monetary policy tools deployed, FGN Bonds and NTBs were issued at the primary market on behalf of the Debt Management Office (DMO) for the fiscal operations of the Federal Government of Nigeria (FGN). Financial market rates, particularly for short-tenored money market instruments (i.e. overnight and Open-Buy Back (OBB) rates), moved in tandem with the level of liquidity in the market during the review month. Subscription remained impressive as the patronage for the risk-free government securities was sustained due to increased foreign portfolio investor interest and improved market liquidity.

Provisional data indicated that the value of money market assets outstanding at end-January 2013 was ₦6,247.67 billion, indicating an increase of 0.54 per cent, compared with the increase of 20.99 per cent at end of the preceding month. The development was attributed to the 3.53 per cent increase in Nigerian Treasury Bills outstanding.

2.3.1 Interest Rate Developments

Available data indicated mixed developments in the banks' deposit and lending rates during the month. With the exception of the average savings and 1-month deposit rates, which rose by 0.03 and 0.28 percentage point to 1.69 and 8.43 per cent, respectively, all other deposit rates of various maturities fell from a range of 5.16 – 11.88 per cent to a range of 5.14 – 11.67 per cent. At 7.66 per cent, the average term deposit rate fell by 1.33 percentage point below the level in the preceding month. Similarly, the average maximum lending rate fell by 0.07 percentage point to 24.54 per cent. However, the average prime lending rate rose by 0.03 percentage point to 16.57 per cent during the review month. Consequently, the spread between the weighted average term deposit and

Interest rates generally fell in January 2013.

maximum lending rates widened, by 1.25 percentage point to 16.88 per cent in January 2013. In contrast, the margin between the average savings deposit and maximum lending rates narrowed by 0.1 percentage point to 22.85 per cent at the end of the review month.

At the interbank call segment, the weighted average rate, which stood at 11.88 per cent at end-December 2012, fell by 0.21 percentage point to 11.67 per cent. Similarly, the weighted average rate, at the open-buy-back (OBB) segment, fell by 0.11 percentage point from 11.73 per cent at end-December 2012 to 11.62 per cent at the end of the review month. Mixed development was observed at the interbank funds market, as the Nigerian interbank offered rate (NIBOR) for 7-day declined by 0.13 to close at 12.36 per cent, while the 30-day closed at 13.14 per cent, up by 0.01 percentage point over its level in the preceding month. With the headline inflation rate at 9.0 per cent at end-January 2013, most rates, with the exception of the lending and the average interbank call rates were negative in real terms (Fig. 3, Table 2).

Figure 3: Selected DMBs Interest Rates (Average)

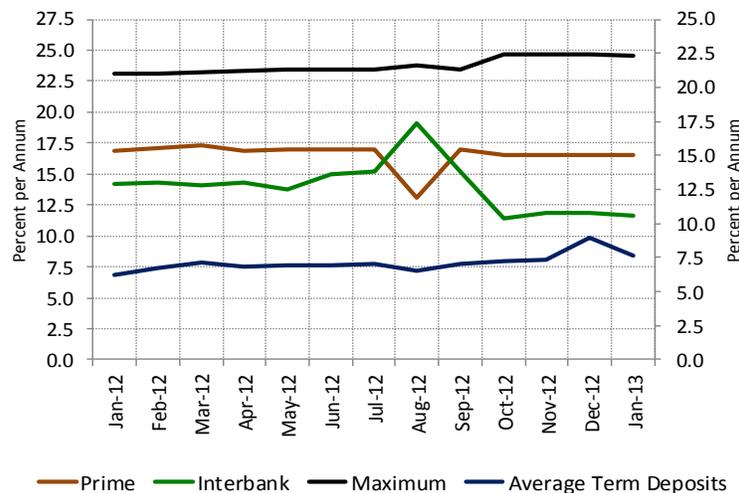


Table 2: Selected Interest Rates (Percent, Averages)

	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13
Average Term Deposits	5.93	5.94	4.39	6.72	7.15	6.83	6.96	6.92	7.05	7.28	7.38	8.99	7.66
Prime Lending	16.42	26.75	16.92	17.10	17.28	16.90	16.98	16.93	16.96	16.48	16.51	16.54	16.57
Interbank	15.58	15.50	14.19	14.50	14.13	14.30	13.80	14.92	15.19	11.42	11.86	11.88	11.67
Maximum Lending	23.66	23.35	23.08	23.10	23.21	23.31	23.44	23.44	23.45	24.65	24.70	24.61	24.54

2.3.2 Commercial Paper (CP)

The value of commercial paper (CP) held by the DMBs at end-January 2013 stood at ₦1.05 billion, same as in the preceding month. Thus, CP constituted 0.02 per cent of the total value of money market assets outstanding at end-January 2013, same as in the preceding month.

2.3.3 Bankers' Acceptances (BAs)

The value of bankers' acceptances (BAs) declined by 12.40 per cent to ₦8.64 billion, compared with the decline of 12.17 per cent in the preceding month. The development reflected the fall in investments by deposit money banks and discount houses. As a proportion of total value of money market assets outstanding, BAs accounted for 0.14 per cent of the total value of money market assets outstanding at end-January 2013, compared with 0.16 per cent at the end of the preceding month.

2.3.4 Open Market Operations

Nigerian Treasury Bills (NTBs) of various maturities were auctioned to mop-up excess liquidity from the banking system in line with the tight monetary policy stance of the Bank. Total amount offered, subscribed to and allotted amounted to ₦1,470.0 billion, ₦2,958.5 billion and ₦1,756.7 billion, respectively, compared with ₦800.0 billion, ₦952.9 billion and ₦650.3 billion recorded in the preceding month. Bid rates ranged between 11.7 – 14.0 per cent, while the stop rates ranged between 12.00 – 13.34 per cent. NTBs worth ₦888.3 billion matured for repayment in the review month.

2.3.5 Primary Market

At the primary market segment, treasury bills auctions were conducted in three tenors, namely 91-, 182- and 364-day. Total amount offered, subscribed to and allotted, were ₦331.3 billion, ₦694.4 billion and ₦331.3 billion, respectively, compared with ₦340.2 billion, ₦822.2 billion and ₦340.2 billion in the preceding month. Bid rates ranged from 10.05-14.00, 10.25-15.00 and 10.60-13.25 per cent for the 91-, 182- and 364-day tenors, respectively. The bid-to-cover ratios for the respective tenors were 1.68, 2.56 and 2.04, respectively. The observed high bid-to-cover ratio for the 182- and 364-day tenors revealed investors' preference for the longer term maturities.

2.3.6 Bonds Market

All the three tranches of FGN Bond offered during the review month were re-openings.

There were no new issues of Federal Government of Nigeria (FGN) Bonds during the review month. However, FGN Bonds of 5-year, 7-year and 10-year tranches were reopened during the month. Total amount subscribed to stood at ₦96.1 billion (5-year), ₦55.9 billion (7-year) and ₦71.0 billion (10-year) tranches, while total allotments stood at ₦35.00 billion (5-year), ₦30.00 billion (7-year) and ₦45.00 billion (10-year). The bid rates for the three tranches ranged from 10.00 – 12.50 per cent. The decline in yields was attributed, largely, to the persistent demand for Nigerian government securities by foreign portfolio investors.

2.3.7 CBN Standing Facilities

Aggregate Standing Lending Facility (SLF) granted during the period under review was ₦672.8 billion, compared with ₦520.3 billion in the preceding month, showing an increase of 29.3 per cent. The aggregate Standing Deposit Facility (SDF) stood at ₦2,125.2 billion with daily average of ₦106.26 billion an increase of 24.1 per cent over the level in the preceding month. The developments reflected the liquidity condition in the market during the review period.

2.4 Deposit Money Banks' Activities

Available data indicated that total assets and liabilities of the deposit money banks (DMBs) amounted to ₦21,742.6 billion, showing an increase of 2.1 per cent above the level at the end of the preceding month. Funds were sourced mainly from increased mobilisation of time, savings and foreign currency deposits. The funds were used, largely, in the extension of credits to the Federal Government, other financial institutions and to increase unclassified assets.

At ₦13,457.0 billion, DMBs' credit to the domestic economy rose by 1.9 per cent over the level in the preceding month. The breakdown showed that relative to the level at the end of the preceding month, credit to the Federal Government rose by 15.2 per cent, while credit to the private sector declined by 1.8 per cent.

DMBs' Credit to the domestic economy rose by 1.9 per cent above the level in the preceding month.

Total specified liquid assets of the DMBs stood at ₦6,667.1 billion, representing 52.4 per cent of their total current liabilities. At that level, the liquidity ratio rose by 2.7 percentage points above the level in the preceding month and represented 22.4 percentage points above the stipulated minimum ratio of 30.0 per cent. The loans-to-deposit ratio, at 41.7 per cent, was 0.6 percentage point below the level at the end of the preceding month, and 38.3 percentage points below the prescribed maximum ratio of 80.0 per cent.

2.5 Discount Houses' Activities

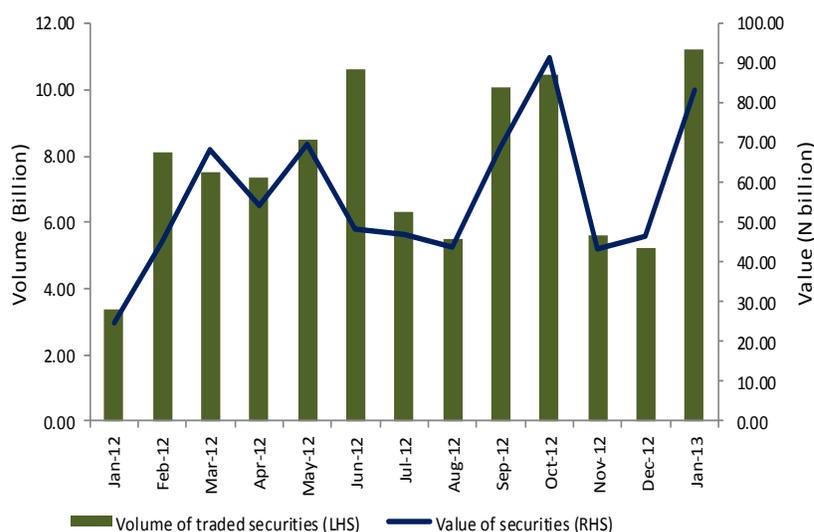
Available data indicated that total assets and liabilities of the discount houses stood at ₦402.1 billion at end-January 2013, showing an increase of 16.6 per cent above the level at end-December 2012. The development was accounted for, largely, by the 17.0 and 32.6 per cent increase in claims on Federal Government and claims on others, respectively. Correspondingly, the increase in total liabilities was attributed, largely, to the 23.7 and 14.4 per cent rise in money-at-call and other amount owed to financial institutions.

Discount houses' investment in Federal Government securities of less than 91-day maturity rose to ₦179.9 billion and accounted for 56.3 per cent of their total deposit liabilities. Thus, investment in Federal Government Securities was 3.7 percentage points below the prescribed minimum level of 60.0 per cent. At that level, discount houses' investment on NTBs rose by 44.0 per cent above the level at the end of the preceding month. Total borrowing by the discount houses was ₦64.6 billion, while their capital and reserves amounted to ₦34.0 billion. This resulted in a gearing ratio of 1.9:1, compared with the stipulated maximum target of 50:1 for fiscal 2012.

2.6 Capital Market Developments

2.6.1 *Secondary Market*

Available data as at January 31, 2013 indicated that activities on the Nigerian Stock Exchange (NSE) started in the New Year on a bullish note. The volume and value of traded equities stood at 11.2 billion shares valued at ₦83.3 billion, in 130,514 deals, indicating an increase of 117.2 and 79.0 per cent, respectively, over their levels in the preceding month. Major transaction volume was driven by trading activities in the Financial Services sector with 7.9 billion shares valued at ₦54.5 billion traded in 75,728 deals. The Banking sub-sector remained as the most active (measured by volume of shares traded on the exchange) followed by the conglomerates.

Figure 4: Volume and Value of Traded Securities**Table 3: Traded Securities on the Nigerian Stock Exchange (NSE)**

	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13
Volume (Billion)	4.10	8.10	7.49	7.37	8.52	10.60	6.30	5.50	10.09	10.48	5.60	5.20	11.20
Value (N Billion)	31.80	44.95	68.37	54.40	69.78	48.10	46.90	43.80	68.58	91.50	43.40	46.50	83.30

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

Transactions on the Over-the-Counter (OTC) bonds market indicated a turnover of 740.52 million units, worth ₦842.61 billion in 4,595 deals recorded during January 2013, compared with 402.9 million units, worth ₦432.13 billion in 2,333 deals recorded in December 2012.

2.6.3 New Issues Market

There were two new and one supplementary listings during the review month.

Table 4: Supplementary Listing on the Nigerian Stock Exchange

S/N	Company	Additional Shares (Units)	Reasons	Listing
1	UBA Capital Plc	4.0 Billion	Restructuring Scheme	New
2	Africa Prudential Registrars	1.0 Billion	Ordinary Shares	New
3	Linkage Assurance Plc	2.89 Billion	Outstanding Ordinary Shares	Supplementary

2.6.4 Market Capitalization

The aggregate market capitalization for all the listed securities (Equities and Bonds) stood at ₦16.13 trillion at end-January 2013, indicating an increase of 8.9 per cent over the level at the end of the preceding month. Market capitalization for the equity segment rose by 13.6 per cent to ₦10.19 trillion at end-January 2013 compared with ₦8.97 trillion at the end of December 2012.

2.6.5 NSE All-Share Index

The All-Share Index, which opened at 28,078.81 at the beginning of the month, closed at 31,853.19, representing an increase of 13.4 per cent above the level at the end of the preceding month. The five sectoral indices, namely the NSE Consumer goods, NSE Banking, NSE Insurance, NSE Oil/Gas and NSE Lotus II stood at 952.19, 391.57, 139.39, 178.40 and 2,008.67 at end-January 2013. This indicated an increase of 13.5, 15.3, 17.6, 16.7 and 13.5 per cent, respectively, over their levels at the end of the preceding month of 2012.

Figure 5: Market Capitalization and All-Share Index

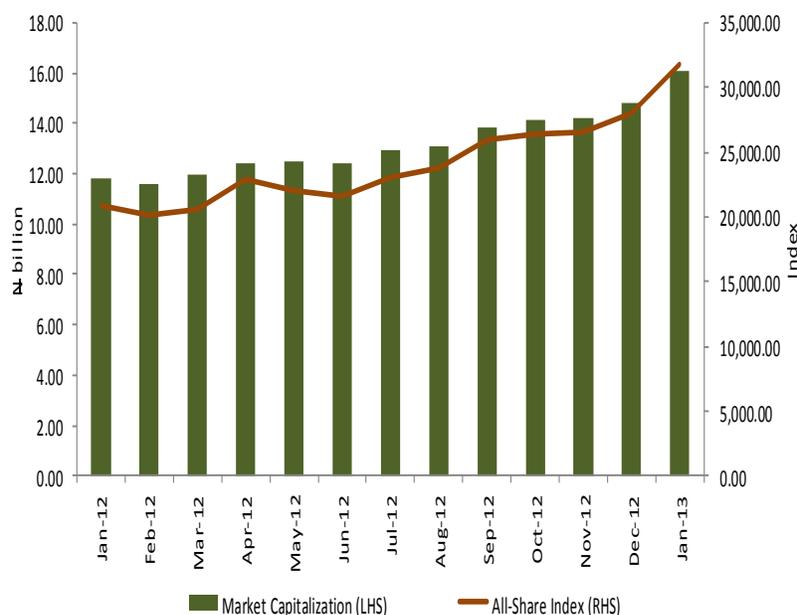


Table 5: Market Capitalization and All Share Index (NSE)

	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13
Market Capitalization (Ntrillion)	11.8	11.6	12.0	12.4	12.5	12.4	13.0	13.1	13.8	14.1	14.2	14.8	16.1
All-Share Index	23,826.99	20,123.51	20,652.47	22,045.66	22,066.40	21,599.57	23,061.38	23,750.82	23,373.00	26,430.90	26,494.40	28,078.81	31,853.19

3.0 Fiscal Operations

3.1 Federation Account Operations

Available data showed that estimated federally-collected revenue (gross) in January 2013, at ₦774.8 billion, was below the provisional monthly budget estimate by 4.1 per cent, but exceeded the receipt at end-December 2012 by 1.8 per cent. The decline relative to provisional monthly budget estimate was attributed to the fall in non-oil revenue during the review period. (Fig. 6, Table 6).

Gross federally-collected revenue exceeded the level in the preceding December, but was below the provisional budget estimate for the 2013 fiscal year.

Figure 6: Components of Gross Federally-Collected Revenue

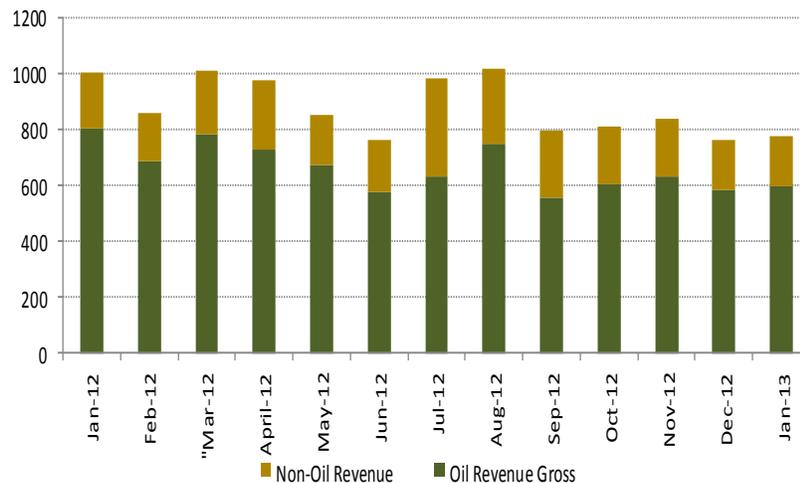


Table 6: Gross Federation Account Revenue (₦ billion)

	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13
Federally-collected revenue (Gross)	1105.0	862.4	1013.6	899.9	855.1	766.3	985.8	1021.1	797.4	810.8	841.6	761.2	774.8
Oil Revenue	901.1	688.5	786.4	730.9	671.1	579.6	632.6	749.1	554.5	606.8	631.0	585.8	599.0
Non-Oil Revenue	203.9	173.9	227.2	243.9	184.0	186.7	353.2	272.0	243.0	204.0	210.6	175.4	175.8

At ₦599.0 billion, oil receipts (gross), which constituted 77.3 per cent of the total revenue, exceeded the provisional budget estimate and receipts in the preceding month by 8.3 and 2.2 per cent, respectively. The rise in oil receipts relative to the proportionate monthly budget estimate was attributed to increase in prices of crude oil in the international market during the

review period. Relative to the level in the corresponding period of 2012, gross oil receipts, however, fell by 33.5 per cent (Fig. 7, Table 7).

Figure 7: Gross Oil Revenue and Its Components

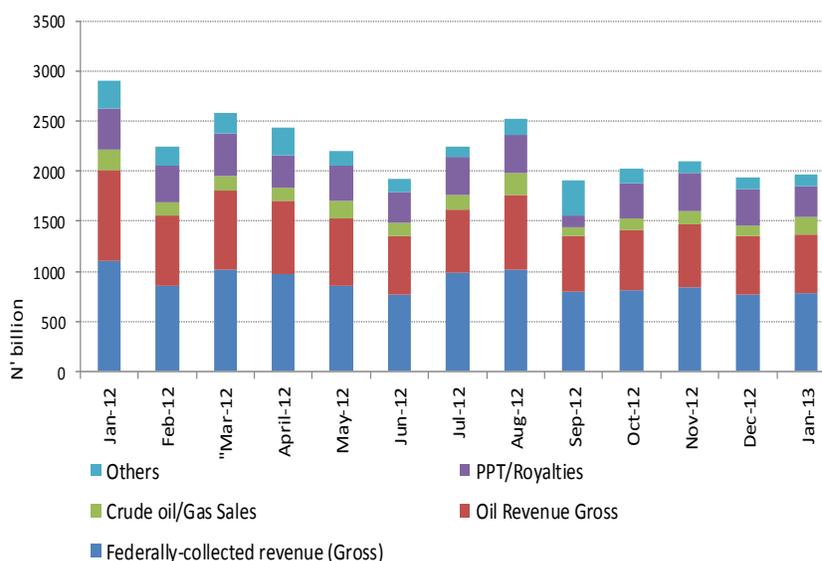


Table 7: Components of Gross Oil Revenue (N' billion)

	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13
Oil Revenue	901.1	688.5	786.4	730.9	671.1	579.6	632.6	749.1	554.5	606.8	631.0	585.8	599.0
Crude oil/Gas Sales	212.0	137.8	156.7	136.2	171.2	145.1	149.4	210.8	95.0	133.3	125.6	107.7	172.9
Domestic crude oil/G	275.3	182.6	193.9	271.4	137.4	130.1	98.3	139.4	115.0	114.8	114.8	100.0	117.7
PPT/Royalties	406.0	360.2	427.9	315.3	354.4	296.4	377.0	389.8	336.6	350.1	382.7	370.4	300.5
Others	7.9	7.8	8.0	8.0	145.5	137.9	106.2	148.5	7.9	8.6	7.8	7.7	8.0

Non-oil receipts (gross) declined relative to both the monthly budget estimate and receipts in the corresponding period of 2012.

Non-oil receipts (gross), at ₦175.8 billion or 22.7 per cent of the total, was 31.0 and 13.8 per cent lower than the provisional monthly budget estimate and the receipts in the corresponding period of 2012. Relative to the preceding month, non-oil receipts rose marginally by 0.2 per cent. The decline relative to the monthly budget estimate reflected, largely, the low receipts from corporate tax and independent revenue of the Federal Government.

Figure 8: Gross Non-Oil Revenue and its Components

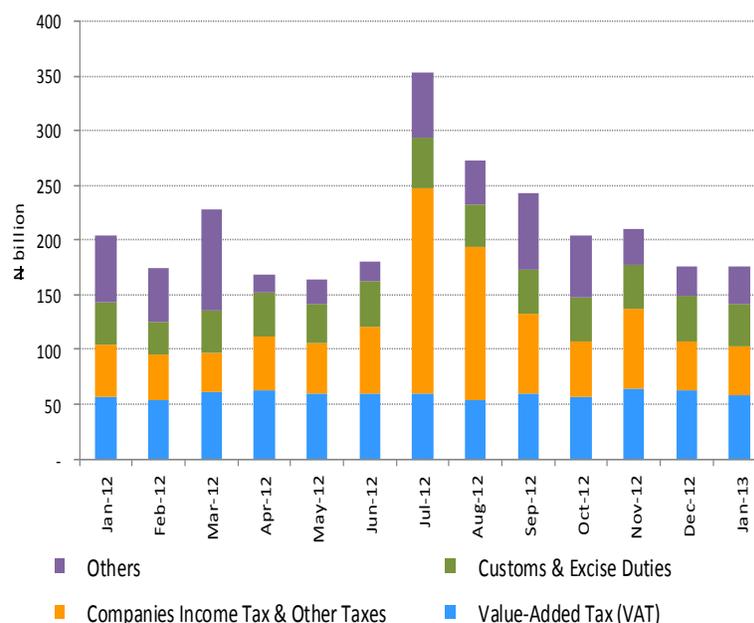


Table 8: Components of Gross Non-Oil Revenue (₦ billion)

	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13
Non-Oil Revenue	205.7	159.2	227.2	243.9	184.0	186.7	353.2	272.0	243.0	204.0	210.6	175.4	175.8
Value-Added Tax (VAT)	54.9	53.2	60.6	62.0	59.7	60.1	59.2	53.9	60.4	56.3	64.8	62.7	57.5
Companies Income Tax & Other Taxes	66.8	41.6	35.8	49.5	46.8	61.1	187.5	139.6	71.6	51.1	72.7	44.3	45.1
Customs & Excise Duties	38.6	30.9	39.0	40.6	35.7	41.3	46.2	39.3	41.5	39.4	39.7	41.9	39.6
Others	160.0	33.5	91.8	91.7	41.8	24.2	60.4	39.2	69.5	57.2	33.4	26.5	33.6

Of the federally-collected revenue (gross), the sum of ₦462.43 billion (after 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 ₦217.42 billion, while the state and local governments received ₦110.28 billion and ₦85.02 billion, respectively. The balance of ₦49.71 billion was credited to the 13.0% Derivation Fund for sharing by the oil-producing states. From the VAT Pool Account, the Federal Government

received ₦8.29 billion, while the state and local governments received ₦27.62 billion and ₦19.33 billion, respectively. Overall, the total allocation to the three tiers of government from the Federation and VAT Pool Accounts in the month amounted to ₦560.83 billion. This was lower than the provisional monthly budget estimate of ₦570.57 billion by 1.7 per cent.

3.2 The Fiscal Operations of the Three Tiers of Government

3.2.1 The Federal Government

Federal government estimated retained revenue was lower than the provisional monthly budget estimate for 2013.

At ₦243.62 billion, the estimated Federal Government retained revenue for January 2013 was lower than the provisional monthly budget estimate and receipts in the corresponding period of 2012 by 26.5 and 24.2 per cent, respectively. Of the total amount, the Federation Account accounted for 89.2 per cent, while VAT Pool Accounts, FGN Independent Revenue and SURE-P accounted for 3.4, 0.7 and 6.7 per cent, respectively. (Fig. 9, Table 9).

Figure 9: Sources of Federal Government Retained Revenue

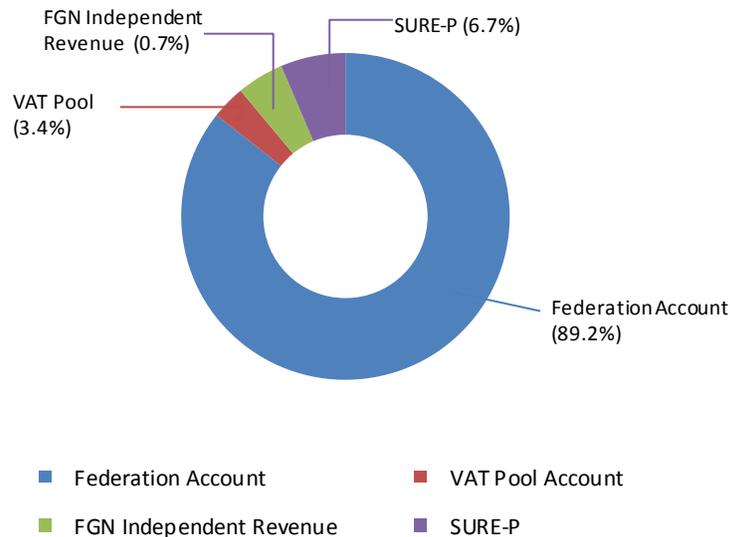
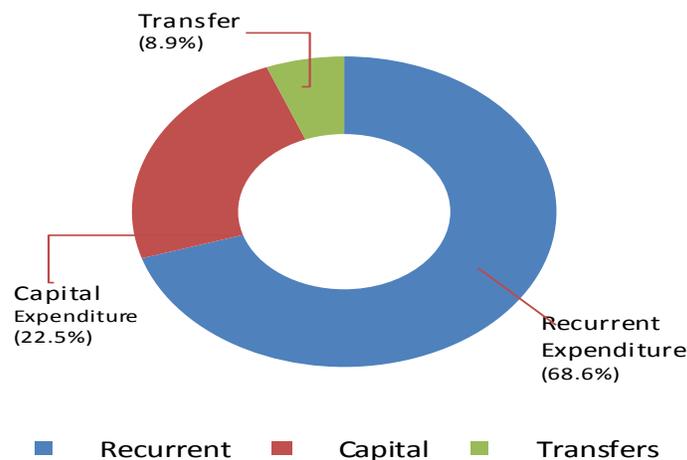


Table 9: Federal Government Fiscal Operations (₦ billion)

	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13
Retained Revenue	287.0	251.2	429.1	340.2	262.9	248.9	254.9	243.2	246.6	246.7	245.4	329.1	243.6
Expenditure	179.2	355.8	419.7	304.7	378.6	379.8	372.1	376.2	390.4	417.6	397.0	427.1	421.6
Overall Balance: (+)/(-)	107.8	-104.6	9.4	35.5	-115.7	-130.9	-117.1	-132.9	-143.8	-170.9	-145.6	-98.0	-178.0

At ₦421.62 billion, total estimated expenditure for January 2013 was lower than the provisional monthly budget estimate by 1.1 per cent, but above the level in the corresponding period of 2012 by 97.4 per cent. A breakdown of total expenditure showed that the recurrent expenditure accounted for 68.6 per cent, while the capital expenditure and transfer components accounted for the balance of 22.5 and 8.9 per cent, respectively. Non-debt-obligations accounted for 80.4 per cent of the total recurrent expenditure, while debt service payments accounted for the balance of 19.6 per cent (Fig. 10).

Total estimated expenditure for January 2013 fell below the monthly budget estimate.

Figure 10: Federal Government Expenditure

Thus, the fiscal operations of the Federal Government resulted in an estimated deficit of ₦178.0 billion, compared with the provisional monthly budget deficit estimate of ₦94.68 billion for 2013.

The fiscal operations of the FG resulted in an estimated deficit of ₦178.0 billion in January 2013.

3.2.2 *Statutory Allocations to State Governments*

Total receipts by state governments, including the share of VAT and the Federation Account stood at ₦205.22 billion. This was lower than both the levels in the preceding month and the corresponding period of 2012 by 38.1 and 18.7 per cent, respectively.

The breakdown showed that, at ₦27.62 billion or 13.5 per cent of the total, receipts from the VAT Pool Account was 0.7 per cent above the level in the corresponding period of 2012, but fell by 8.3 per cent below the level in the preceding month 2012. At ₦177.6 billion or 86.5 per cent of the total, state governments' receipt from the Federation Account was 41.0 and 21.1 per cent lower than both the levels in the preceding month and corresponding period of 2012, respectively.

3.2.3 *Statutory Allocations to Local Government Councils*

Total receipts by the local governments from the Federation and VAT Pool Accounts stood at ₦113.61 billion in January 2013. This was lower than the levels in the preceding month and the corresponding period of 2012, by 39.5 and 17.1 per cent, respectively. Of this amount, receipts from the Federation Account was ₦94.28 billion (83.0 per cent of the total), while the VAT Pool Account accounted for ₦19.33 billion (17.0 per cent of the total).

4.0 Domestic Economic Conditions

The dominant agricultural activities in January 2013, included irrigated cultivation of vegetables, harvesting of tree crops and clearing of land for the cropping season. In the livestock sub-sector, farmers intensified the raising of broilers and layers to replenish sales during the last festive season. Crude oil production was estimated at 2.09 million barrels per day (mbd) or 64.79 million barrels during the month. The end-period inflation rate for January 2013, on a year-on-year basis, was 9.0 per cent, 3.0 percentage points below the level in the preceding month. The inflation rate on a 12-month moving average basis was 11.9 per cent, compared with the preceding month's level of 12.2 per cent.

4.1 Agricultural Sector

Agricultural activities in the Northern parts of the country were characterized by irrigated cultivation of vegetables, while activities in the southern parts were predominantly harvesting of tree crops and fruits, and clearing of land for the 2013 cropping season. Early rains during the month indicated a favorable outlook for agricultural production. In the livestock sub-sector, farmers intensified the raising of broilers and layers to replenish the stock sold off during the last festive season.

A total of ₦626.1 million was guaranteed to 5,267 farmers under the Agricultural Credit Guarantee Scheme (ACGS) in the review month. This represented a decline of 49.3 per cent below the level in the preceding month. A sub-sectoral analysis of the loans guaranteed indicated that the food crop sub-sector had the largest share of ₦454.9 million (72.7 per cent) guaranteed to 4,762 beneficiaries, the livestock sub-sector received ₦148.1 million (23.7 per cent) for 480 beneficiaries, while fisheries sub-sector received ₦12.8 million (2.0 per cent) guaranteed to 13 beneficiaries. The cash crops sub-sector received ₦7.6 million (1.2 per cent) for 8 beneficiaries, the mixed crops sub-sector ₦1.7 million (0.3 per cent) guaranteed to 3 beneficiary, while "Others" share was ₦1.0 million (0.2 per cent) for 1 beneficiaries.

Analysis by state showed that 20 states benefited from the Scheme during the review month, with the highest and lowest sums of ₦208.3 million (33.3 per cent) and ₦1.1 million (0.18 per cent) guaranteed to Jigawa and Enugu States, respectively.

At end-January 2013, the total amount released by the CBN under the Commercial Agriculture Credit Scheme (CACS) to the participating banks for disbursement stood at N 199.5 billion (for 270 projects).

At end-January 2013, the total amount released by the CBN under the Commercial Agriculture Credit Scheme (CACS) to the participating banks for disbursement stood at ₦199.5 billion for two hundred and seventy (270) projects/promoters. (Table 10).

Table 10: Disbursement of Credit under the Commercial Agriculture Credit Scheme (CACS) January 2013.

S/N	Participating Banks	Amount Disbursed (N billion)	Number of Projects/State Governments
1	UBA Plc.	41.80	35
2	Zenith Bank	27.00	18
3	First Bank of Nigeria Plc	22.30	62
4	Unity Bank Plc	19.50	21
5	Union Bank Nigeria PLC	18.20	21
6	Stanbic IBTC Bank	11.80	23
7	Access Bank Plc	10.30	11
8	Skye Bank Plc	9.20	7
9	Fidelity Bank Plc	8.90	8
10	Sterling Bank Plc	7.00	13
11	GTBank Plc	5.80	9
12	FCMB Plc.	4.79	8
13	COBANK	3.80	7
14	Citibank Plc	3.00	2
15	Diamond Bank Plc	2.70	12
16	Mainstreet Bank Plc	2.00	1
17	WEMA Bank	0.70	5
18	Enterprise Bank	0.50	6
19	Keystone Bank	0.20	1
	TOTAL	199.49	270

4.2 Petroleum Sector

Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at an average of 2.09 million barrels per day (mbd) or 64.79 million barrels for the month. This was 0.04 mbd or 2.0 per cent

above the average of 2.05 mbd or 63.55 million barrels produced in the preceding month. The increase was attributed to the clampdown on oil pipeline vandals.

Crude oil export was estimated at 1.64 mbd or 50.84 million barrels. This represented an increase of 2.5 per cent above the 1.60 mbd or 49.60 million barrels recorded in the preceding month. Deliveries to the refineries for domestic consumption remained at 0.45 mbd or 13.50 million barrels during the review month.

At an estimated average of US\$115.15 per barrel, the price of Nigeria's reference crude, the Bonny Light (37° API), rose by 2.4 per cent above the level in the preceding month. The average prices of other competing crudes, namely the West Texas Intermediate at US\$85.25 per barrel, U.K Brent at US\$113.51 per barrel and Forcados at US\$116.65 per barrel, also showed similar trend as the Bonny Light.

The average price of OPEC's basket of eleven crude streams, at US\$109.28 per barrel, indicated an increase of 2.6 per cent above the level recorded in the preceding month, but a 2.2 per cent decline below the US\$117.76 per barrel recorded in the corresponding month of 2012 (Fig. 11, Table 11).

Crude oil and natural gas production was estimated at an average of 2.09 million barrels per day. The average price of Nigeria's reference crude, the Bonny Light, rose by 2.4 per cent above the level in the preceding month. Prices of the U.K Brent, Forcados and West Texas Intermediate also rose during the month.

Figure 11: Trends in Crude Oil Prices

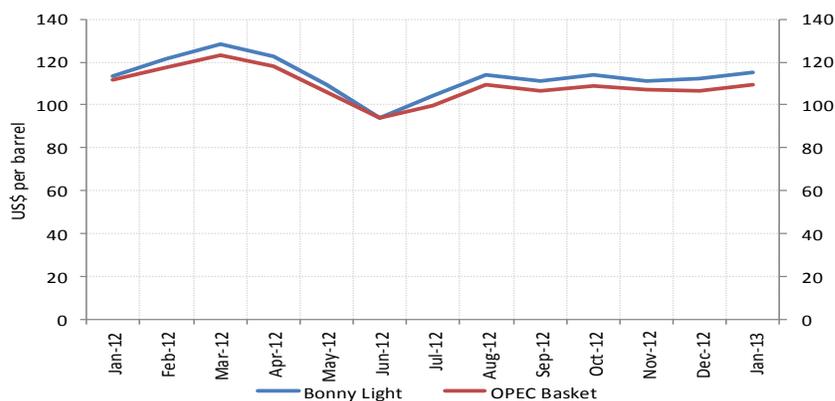


Table 11: Average Crude Oil Prices in the International Oil Market

	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13
Bonny Light	113.69	121.71	128.29	122.45	109.32	93.94	103.99	114.24	111	114.2	111.02	112.51	115.15
OPEC Basket	111.49	117.48	122.97	118.18	106.08	93.98	99.55	109.52	106.7	108.9	106.86	106.55	109.28

4.3 Consumer Prices

The general price level rose in January 2013, relative to the preceding month, owing to the increase in the prices of food and non-alcoholic, housing, beverages, water, electricity, gas and other fuels etc.

Available data showed that the all-items composite Consumer Price Index (CPI) in January 2013 was 141.9 (November 2009=100), representing an increase of 9.0 and 0.6 per cent over the levels in the preceding month and the corresponding period of 2012, respectively. The development was attributed to the rise in the prices of food and non-alcoholic beverages, alcoholic beverages, tobacco and kola; clothing and footwear; housing, water, electricity/gas, and other fuels; furnishing and household equipment maintenance; health services; transport; communication and education.

The urban all-items CPI at end-January 2013 was 140.8 (November 2009=100), indicating an increase of 0.6 per cent above the level in the preceding month. The rural all-items CPI for the month, was 143.2 (November 2009=100), indicating an increase of 0.8 per cent above the level in the preceding month (Fig. 12, Table 11).

The year-on-year headline inflation rate fell by 3.0 percentage points below the level in the preceding month.

The end-period inflation rate for the review month, on a year-on-year basis, was 9.0 per cent, indicating a decline of 3.0 percentage points below the 12.0 per cent recorded in the preceding month. The inflation rate on a twelve-month moving average basis was 11.9 per cent, compared with 12.2 per cent in the preceding month. (Fig. 13, Table 12).

The composite food index was 142.3, indicating an increase of 0.8 per cent. This development was accounted for by the increase in the indices of bread and cereals, imported food, vegetable prices, yam, potato and fish as well as the effects of the floods

experienced during the second half of 2012.

Figure.12:Consumer.Price.Index

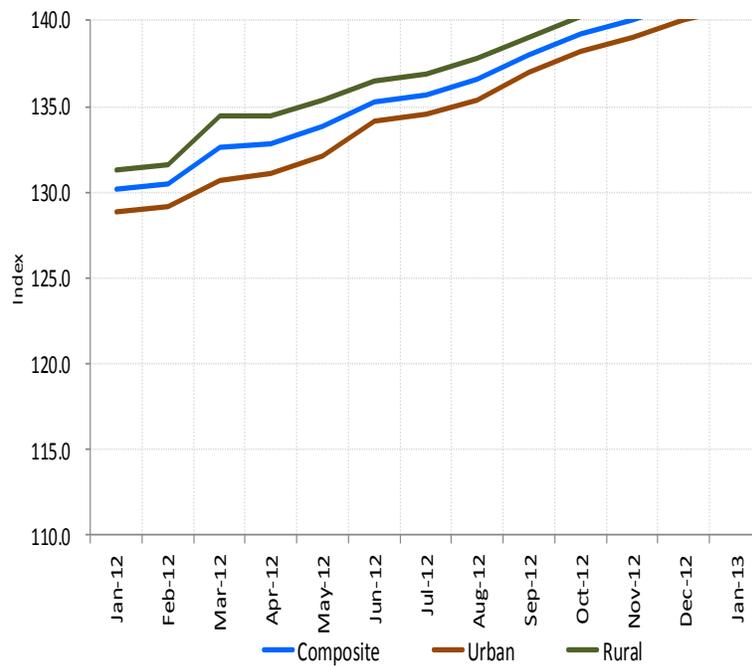


Table 12: Consumer Price Index (November 2009=100)

	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13
Composite	130.2	130.5	132.6	132.8	133.8	135.3	135.7	136.6	138.0	139.2	140.0	141.1	141.9
Urban	128.9	129.2	130.7	131.1	132.1	134.1	134.5	135.4	137.0	138.2	139.0	140.0	140.8
Rural	131.3	131.6	134.4	134.4	135.4	136.5	136.9	137.8	139.0	140.2	141.1	142.1	143.2
CPI - Food	129.3	129.1	132.1	132.3	133.9	134.5	135.0	135.9	137.5	138.8	139.8	141.2	142.3
CPI - Non Food	129.1	129.3	135.1	135.2	136.7	138.0	138.1	139.0	139.7	140.3	140.9	141.8	143.8

Figure 13: Inflation Rate

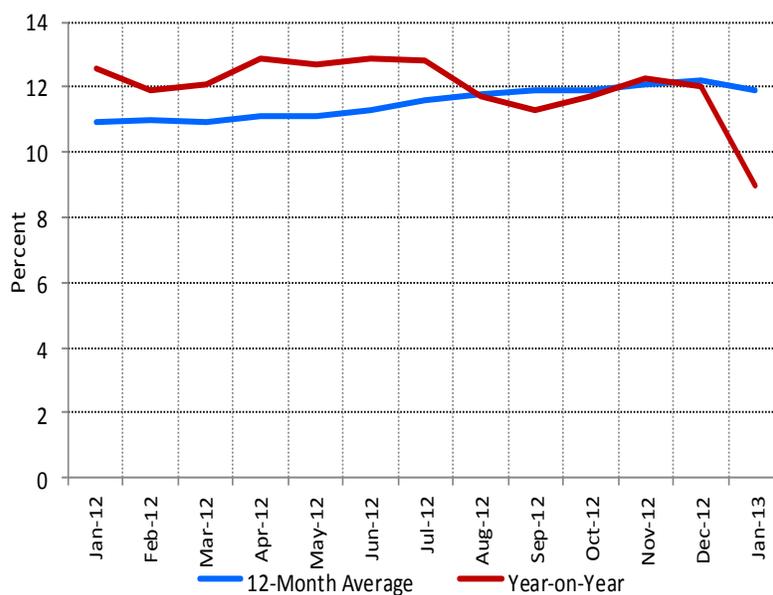


Table 13: Headline Inflation Rate (%)

	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13
12-Month Average	10.9	11.0	10.9	11.1	11.1	11.3	11.6	11.8	11.9	11.9	12.1	12.2	11.9
Year-on-Year	12.6	11.9	12.1	12.9	12.7	12.9	12.8	11.7	11.3	11.7	12.3	12.0	9.0

5.0 External Sector Developments

Provisional data indicated that foreign exchange inflow through the CBN rose by 0.03 per cent, while outflow declined by 25.4 per cent, relative to their levels in the preceding month. Total non-oil export receipts by banks declined by 20.6 per cent below the level in the preceding month. The gross external reserves rose by 4.5 per cent above the preceding month's level. The average exchange rate of the Naira vis-à-vis the US dollar, appreciated by 0.01 per cent to ₦157.30 per US dollar at the Wholesale Dutch Auction System (WDAS).

5.1 Foreign Exchange Flows

Provisional data indicated that foreign exchange inflow and outflow through the CBN in the month of January 2013 was US\$3.32 billion and US\$1.54 billion, respectively, resulting in a net inflow of US\$1.78 billion, compared with the net inflow of \$1.26 billion and \$1.36 billion recorded in the preceding month and the corresponding period of 2012, respectively. Relative to the level in the preceding month, inflow rose by 0.03 per cent, but fell by 22.9 per cent below the level in the corresponding period of 2012. The increase in inflow was wholly attributed to the 40.5 per cent rise in the receipts from non-oil inflows. Outflow fell by 25.4 and 47.8 per cent below the levels in the preceding month and the corresponding period of 2012, respectively. The development was attributed, largely to the decline in drawings on L/Cs. Other official payments, at US\$0.46 billion fell by 33.3 per cent below the level in the preceding month, driven largely by the fall in NNPC/JV cash calls payments (Fig. 14, Table 14).

Foreign exchange inflow through the CBN increased by 0.03 per cent, while outflow fell 25.4 per cent in January 2013.

Figure 14: Foreign Exchange Flows through the CBN

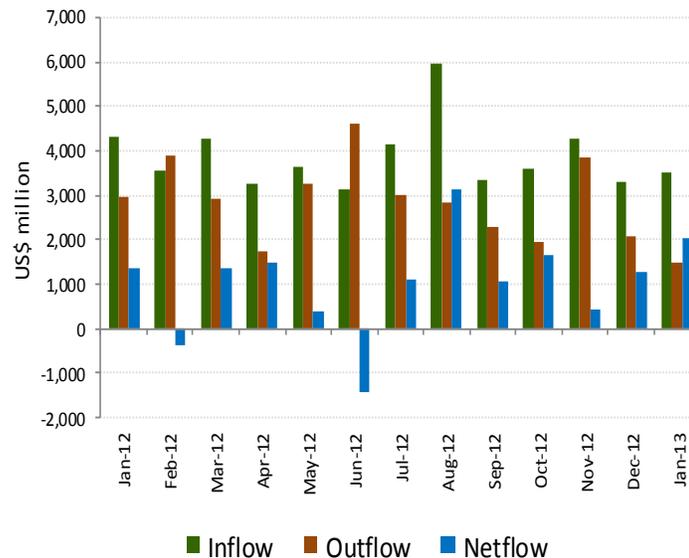


Table 14: Foreign Exchange Flows through the CBN (US\$ million)

	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13
Inflow	4307.0	3546.2	4266.6	3242.9	3627.1	3151.0	4132.1	5981.0	3358.6	3451.3	4272.4	3319.6	3320.8
Outflow	2945.8	3902.3	2912.4	1754.9	3239.7	4600.2	3006.6	2840.2	2277.4	1761.7	3843.3	2062.3	1538.1
Netflow	1361.2	-356.1	1354.2	1488.0	387.4	-1449.3	1125.5	3140.8	1069.6	1647.5	429.3	1257.3	1782.7

Provisional data on aggregate foreign exchange flows through the economy indicated that total inflow was US\$12.15 billion, representing an increase of 16.1 and 42.7 per cent over the levels at the end of the preceding month and the corresponding period of 2012, respectively. The observed increase in inflow relative to the level in the preceding month was attributed, largely, to the 23.6 per cent increase in receipts from autonomous sources. Inflow through the Central Bank of Nigeria (CBN) accounted for 27.3 per cent of the total, while inflow from autonomous sources accounted for 72.7 per cent.

At US\$3.16 billion, oil sector receipts fell by 1.4 per cent below the level in the preceding month and accounted for 26.0 per cent of the total inflow. On a month-on-month basis, non-oil public sector inflow, at

\$0.16 billion, rose by 40.5 per cent and accounted for 1.3 per cent of the total inflow, while autonomous inflow, at \$8.8 billion, rose by 23.6 per cent, accounting for 72.7 per cent of the total.

At US\$1.56 billion, aggregate foreign exchange outflow from the economy fell by 26.0 and 48.4 per cent below the levels in the preceding month and the corresponding period of 2012, respectively. Thus, foreign exchange flows through the economy resulted in a net inflow of US\$10.59 billion in the review month, compared with US\$8.36 billion and US\$5.49 billion in the preceding month and the corresponding month of 2012, respectively.

5.2 Non-Oil Export Earnings by Exporters

Provisional data indicated that total non-oil export earnings, at US\$248.7 million, fell by 20.6 per cent below the level in the preceding month. The development reflected, largely, the 94.8 and 37.8 per cent fall in receipts from food products and agricultural sector, respectively. A breakdown of the receipts showed that proceeds of manufactured, industrial, agriculture, minerals and food products sub-sectors stood at US\$143.43, US\$62.46, US\$20.32, US\$16.47 and US\$6.03 million, respectively. The transport sector recorded no receipts during the review month.

The shares of manufactured, industrial, agriculture, minerals and food products sub-sectors in non-oil export proceeds were 57.7, 25.1, 8.2, 6.6, and 2.4 per cent, respectively.

5.3 Sectoral Utilisation of Foreign Exchange

The invisible sector accounted for the bulk (33.6 per cent) of total foreign exchange disbursed in January 2013, followed by minerals and oil sector (25.0 per cent). Other beneficiary sectors, in a descending order included: industrial sector (15.7 per cent), food products (12.7 per cent), manufactured product (9.4

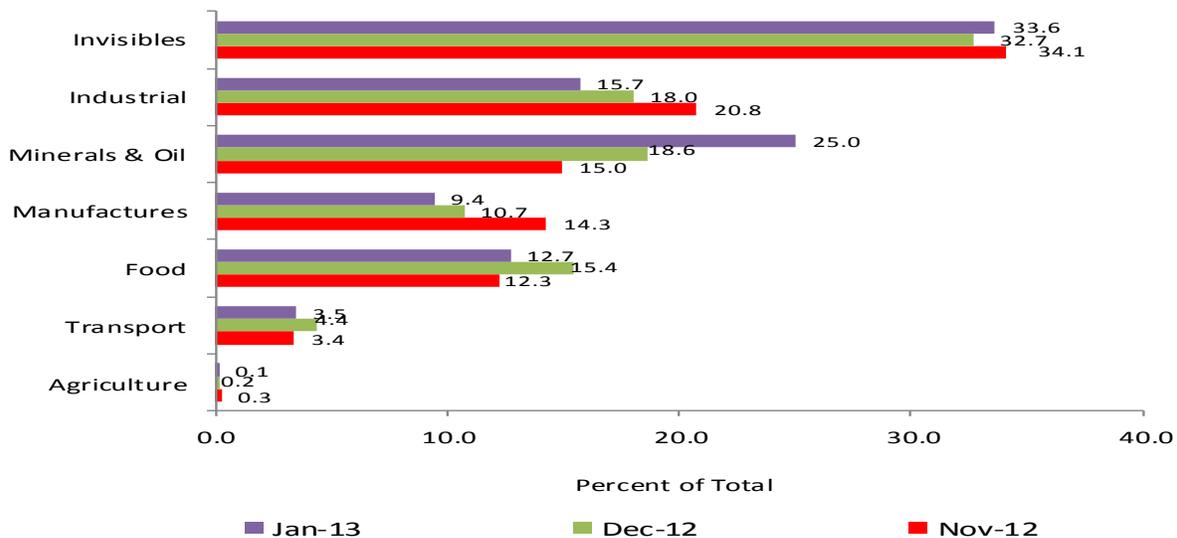
Non-oil inflow into the economy rose by 40.5 per cent and accounted for 1.3 per cent of the total inflow in January 2013.

Total non-oil export earnings by exporters declined in January 2013, on account of fall in the earnings from exports of Agricultural sector and food products.

The invisible sector accounted for the bulk of the total foreign exchange disbursed in January 2013.

per cent), transport (3.5 per cent) and agricultural products (0.1 per cent) (Fig.15).

Figure15: Sectoral Utilisation of Foreign Exchange



5.4 Foreign Exchange Market Developments

Estimated aggregate demand for foreign exchange by authorized dealers under the Wholesale Dutch Auction System (WDAS), Bureau-de-change (BDC) and WDAS-Forward contract was US\$1.14 billion in January 2013, showing a decline of 7.6 and 56.5 per cent below the levels in the preceding month and the corresponding month of 2012, respectively. The decline in aggregate demand was attributed to the increased activity in the interbank segment of the market. A total of US\$1.02 billion was sold by the CBN to authorized dealers during the period, reflecting a decline of 17.4 and 59.1 per cent below the levels in the preceding month and the corresponding period of 2012, respectively (Fig.16, Table 15).

Figure 16: Demand for and Supply of Foreign Exchange

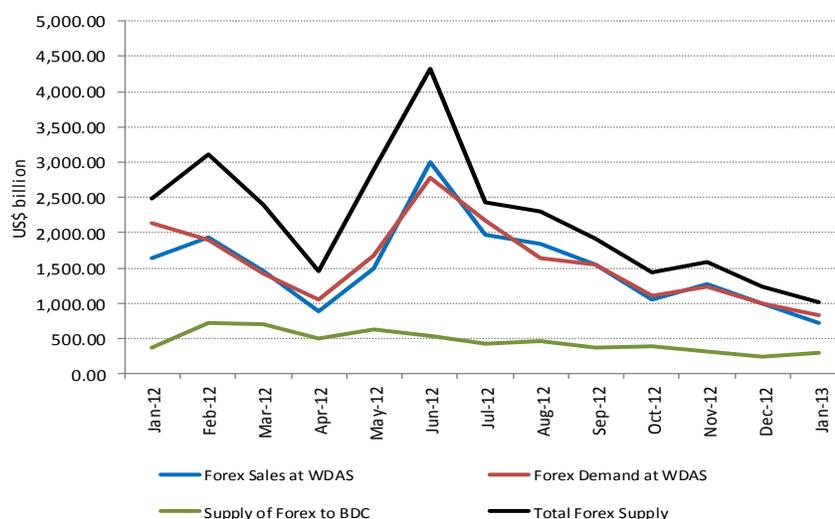


Table 15: Demand for and Supply of Foreign Exchange (US\$ billion)

	Jan-12	Feb-12	Mar-12	Apr-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	
Forex Sales at WDAS	1640.7	1942.2	1452.8	891.5	1487.0	3000.0	1961.7	1843.6	1539.4	1101.6	1278.7	990.3	713.5
Forex Demand at WDAS	2133.0	1892.0	1426.5	1052.9	1681.3	2777.6	2166.3	1646.4	1549.2	1112.9	1237.0	993.8	836.4
Supply of Forex to BDC	365.7	720.6	698.2	492.8	633.8	544.8	419.5	457.7	370.2	389.8	311.7	239.9	303.5
Total Forex Supply	2492.6	3101.5	2387.9	1451.3	2895.0	4317.2	2428.2	2301.3	1909.6	1443.6	1592.5	1234.2	1019.1

Under the WDAS, the average exchange rate of the Naira vis-à-vis the US dollar, appreciated by 0.01 per cent to ₦157.30 per US dollar, compared with ₦157.32 and ₦158.39 in the preceding month and the corresponding period of 2012, respectively. At the BDC segment, the average exchange rate also appreciated by 0.1 per cent to ₦159.12 per US dollar, compared with the rates in the preceding and the corresponding period of 2012, respectively. Relative to the rate in the preceding month, the average exchange rate at the inter-bank segment, appreciated by 0.2 per cent to close at ₦156.96 per US dollar.

Consequently, the premium between the WDAS and Bureau-de-change remained unchanged at 1.2 per cent, same as in the preceding month, while the premium between the inter-bank and WDAS narrowed

The Naira exchange rate vis-à-vis the US dollar, on average, appreciated at all the segments of the market during the review period.

to -0.22 per cent.

Figure 17: Average Exchange Rate Movement

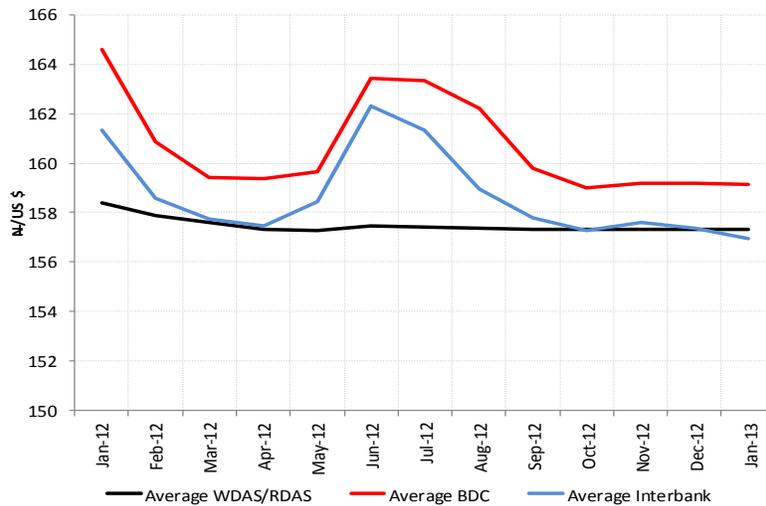
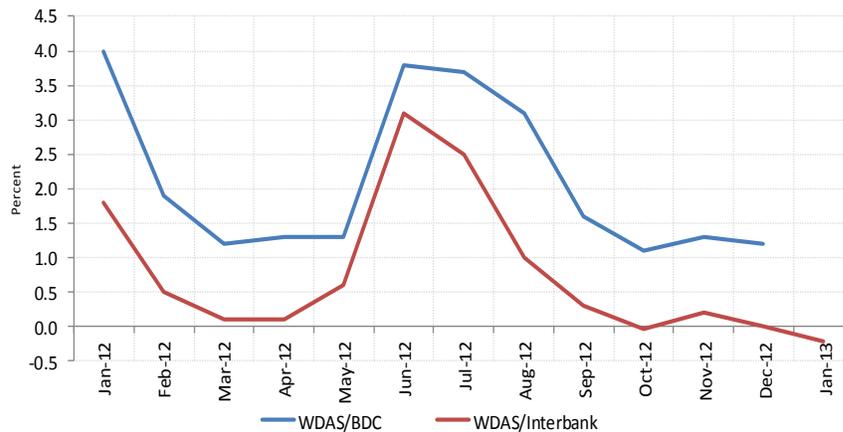


Table 16: Exchange Rate Movements and Exchange Rate Premium

	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13
Average Exchange Rate (N/\$)													
WDAS/RDAS	158.4	157.9	157.6	157.3	157.3	157.4	157.4	157.4	157.3	157.3	157.3	157.3	157.3
BDC	164.7	160.9	159.4	159.4	159.7	163.4	163.3	162.2	159.8	159.0	159.3	159.3	156.1
Interbank	161.3	158.6	157.7	157.4	158.5	162.3	161.3	159.0	157.8	157.3	157.6	157.3	157.0
Premium (%)													
WDAS/BDC	4.0	1.9	1.2	1.3	1.3	3.8	3.7	3.1	1.6	1.1	1.3	1.2	1.2
WDAS/Interbank	1.6	2.6	0.4	0.1	0.6	3.1	2.5	1.0	0.3	0.0	0.2	0.0	-0.2

Figure 18: Exchange Rate Premium



5.5 Gross External Reserves

The gross external reserves at the end of January 2013 stood at US\$45.82 billion, indicating an increase of 4.5 and 34.2 per cent above the levels in the preceding month and the corresponding period of 2012, respectively. A breakdown of the reserves showed that the Federation Account portion (Excess Crude) was US\$9.85 billion (21.5 per cent), Federal Government holding was US\$1.20 billion (2.6 per cent) and CBN reserves stood at US\$34.77 billion (75.9 per cent), (Fig. 19, Table 16).

Gross external reserves increased in January 2013.

Figure 19: Gross External Reserves

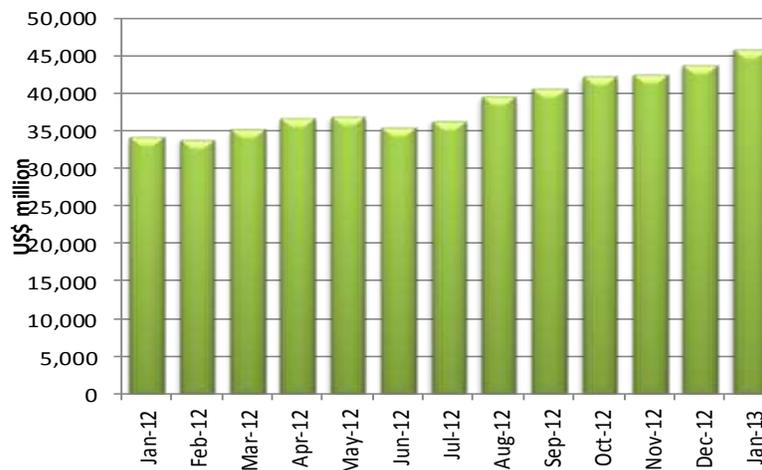


Table 17: Gross External Reserves (US\$ million)

Period	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13
External Reserves	34136.6	33857.4	35190.8	36660.9	36839.5	35412.5	36285.3	39509.8	40636.8	42228.7	42568.3	43830.4	45824.4

6.0 *Other International Economic Developments and Meetings*

World crude oil output in January 2013 was estimated at an average of 90.12 million barrels per day (mbd), while demand was estimated at 88.99 million barrels per day (mbd), compared with 90.95 and 90.06 mbd supplied and demanded, respectively, in the preceding month. The marginal decrease in world output was attributed to the decrease in production in the Saudi Arabia, Libya, Iran and Algeria, while the slight decline in demand was attributed to decrease in consumption by the Eurozone countries.

The IMF World Economic Outlook warned of a weakening global economic recovery in 2013 due to risks of prolonged stagnation in the Eurozone region. Overall, the IMF forecasts the world economy would grow by 3.5 per cent, while growth in the Eurozone would shrink by 0.2 per cent.

Other major international economic development and meetings of importance to the domestic economy during the review period included: the World Economic Forum annual meeting held from January 23-27, 2013 at Davos-Klosters, Switzerland with the theme "Resilient Dynamism". The main pillars and sub-pillars of the meeting were: Leading through Adversity (Building Resilient Institutions, Improving Decision-Making, Strengthening Personal Resilience); Restoring Economic Dynamism (Achieving Inclusive Prosperity, Rebuilding Economic Confidence, Unleashing Entrepreneurship Innovation); and Strengthening Societal Resilience (Reinforcing Critical Systems, Sustaining Natural Resources, Establishing Shared Norms). The meeting was attended by several leaders from government, academia, business and civil society. The Forum identified the upcoming general election in Germany and the disagreement over debt threshold levels in the United States as potential risks to the global economic recovery and urged against complacency.

The meeting of the West African Monetary Zone (WAMZ), the West African Monetary Agency (WAMA) and the West African Institute for Financial and Economic Management (WAIFEM) was held at Abuja, Nigeria from January 11-18, 2013. The Meeting was preceded by the 28th meeting of the Committee of Governors of the WAMZ. Major highlights of the decisions of the Convergence Council were that member states should:

- Continue to implement prudent macroeconomic policies to achieve and sustain price stability;
- Implement sectoral and structural policies that promote food production in order to dampen inflationary pressure;
- Intensify rehabilitation and building of infrastructure to remove supply-side bottlenecks and improve output growth and employment;
- Adhere to fiscal consolidation, by prioritising expenditure and enhancing domestic revenue mobilisation to facilitate the achievement of the WAMZ quantitative and qualitative convergence criteria;
- Provide monthly data to WAMI, obtain unemployment statistics from Member States where available or from other credible sources such as the International Labour Organization (ILO); and
- Liberalize their capital accounts beginning with intra-regional capital account liberalization while being cautious of the inherent risks; and

The Convergence Council also approved the appointment of Dr. Abwaku Englama of the Central Bank of Nigeria as the new substantive Director-General of WAMI, effective February 1, 2013.

In another development, the Committee of Governors of Central Banks of ECOWAS member states held its 43rd meeting in Abuja, Nigeria on January 17, 2013. The meeting was attended by Member Central Banks, Ministries of Finance and Economic Planning of

member States, ECOWAS Commission, UEMOA Commission, West African Bankers' Association (WABA), African Development Bank (ADB), ECOWAS Bank for Investment and Development (EBID), West African Monetary Institute (WAMI), AFRISTAT and West African Institute for Financial and Economic Management (WAIFEM). The Committee of Governors discussed the fragile global economic conditions characterized by the Eurozone debt crisis, fiscal challenges in the United States, the declining growth in the emerging and developing countries and the decline in commodity prices. Major highlights of the meeting included:

- Adoption of the Macroeconomic Convergence Report for the first half of 2012 and the work programme for 2013 by the Governors;
- Following the review of the report on Exchange Rates Developments of ECOWAS Currencies as at November 2012, the Governors' called on WAMA to provide technical advice that would assist central banks experiencing excessive fluctuations in their exchange rates; and
- The Committee of Governors examined a study on the Eurozone Debt Crisis and Key Lessons for ECOWAS, and endorsed the recommendation of the Technical Committee on the need to set up a Crisis Resolution Mechanism.

Finally, the 5th meeting of the inter-institutional sub-committee on ECOWAS Single Currency Programme was held in Abuja, Nigeria from January 21-23, 2013. The Meeting undertook a comprehensive review of the roadmap of on-going implementation activities undertaken by individual regional institutions since the 4th meeting held from December 8 – 9, 2011 in Dakar, Senegal. Major issues covered included; signing of the charter of the West African Capital Market Integration Council (WACMIC); selection of a consultant to conduct feasibility study on cross border inter-bank payments system and the need for amendments to existing multilateral surveillance system following lessons from the Eurozone crisis.

APPENDIX TABLES

Table A1: Money and Credit Aggregates

	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13
Domestic Credit (Net)	13,098.8	13,163.4	13,371.3	13,210.3	14,529.8	13,957.4	14,482.8
<i>Claims on Federal Government</i>	(1,746.6)	(1,721.5)	1,484.8	1,591.4	2,406.7	(1,327.9)	(648.4)
Central Bank (Net)	(4,097.3)	(3,731.1)	(549.9)	(817.7)	(411.2)	(4,081.1)	(3,819.9)
Banks	2,345.8	2,004.5	2,029.6	2,404.0	2,817.8	2,753.2	3,171.5
Non Interest Banks	4,912.5	5,128.4	5,128.4	5,128.4	-	1,524.2	447.4
<i>Claims on Private Sector</i>	14,845.4	14,884.8	14,935.3	15,127.0	15,424.2	15,285.3	15,131.2
Central Bank	4,610.2	4,625.7	4,659.5	4,805.8	4,822.7	4,841.8	4,845.2
Banks	10,234.8	10,258.7	10,274.9	10,320.3	10,600.1	10,443.5	10,286.0
Non Interest Banks	0.4	0.4	852.7	876.6	1,347.1	2,494.0	2,533.3
<i>Claims on Other Private Se</i>	14,253.0	14,304.2	14,336.2	14,511.7	14,779.3	14,619.4	14,450.9
Central Bank	4,610.2	4,625.7	4,659.5	4,805.8	4,822.7	4,841.8	4,845.2
Banks	9,642.4	9,678.1	9,675.9	9,705.1	9,955.3	9,777.6	9,605.7
Non Interest Banks	0.4	0.4	852.7	876.6	1,347.1	2,494.0	2,533.3
<i>Claims on State and Local</i>	592.4	580.6	599.3	615.2	644.9	665.9	680.3
Central Bank	-	-	-	-	-	-	-
Banks	592.4	580.6	599.3	615.2	644.8	665.9	680.3
Non Interest Banks	-	-	-	-	-	-	-
<i>Claims on Non-financial Public Enterprises</i>							
Central Bank							
Banks							
Foreign Assets (Net)	7,815.1	8,069.2	8,267.4	8,762.9	8,732.3	9,098.7	9,302.4
Central Bank	6,301.3	6,286.8	6,388.6	6,915.0	6,979.2	7,448.6	7,640.4
Banks	1,513.8	1,782.3	1,878.9	1,846.0	1,751.0	1,650.1	1,662.1
Non Interest Banks	-	-	0.8	2.0	1,997.7	2,184.6	2,142.0
Other Assets (Net)	(7,522.5)	(7,463.5)	(7,574.4)	(7,575.0)	(8,199.4)	(7,927.5)	(8,615.9)
Total Monetary Assets (M2)	13,391.4	13,769.0	14,064.2	14,398.2	15,062.7	15,128.7	15,169.3
Quasi-Money 1/	6,988.6	7,525.7	7,672.8	7,857.2	8,182.1	8,062.9	8,229.5
Money Supply (M1)	6,402.7	6,243.3	6,391.4	6,541.0	6,880.6	7,065.8	6,939.8
<i>Currency Outside Banks</i>	1,076.8	1,080.8	1,070.2	1,153.5	1,140.6	1,301.2	1,155.8
<i>Demand Deposits 2/</i>	5,325.9	5,162.5	5,321.2	5,387.5	5,740.0	5,764.6	5,784.0
Total Monetary Liabilities (M2)	13,391.4	13,769.0	14,064.2	14,398.2	15,062.7	15,128.7	15,169.3
Memorandum Items:							
Reserve Money (RM)	2,895.3	3,051.7	3,117.1	3,039.2	2,979.4	3,532.1	3,232.7
<i>Currency in Circulation (CIC)</i>	1,362.6	1,368.2	1,348.8	1,458.2	1,431.0	1,631.7	1,457.3
<i>DMBs Demand Deposit with CB</i>	1,532.7	1,683.5	1,768.3	1,580.9	1,548.5	1,900.4	1,775.5

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)

	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13
	'Growth over Preceding December (%)							
Domestic Credit (Net)	-2.7	-4.3	-3.8	-2.3	-3.5	6.2	2.0	3.8
<i>Claims on Federal Government (Net)</i>	-177.9	-251.5	-246.5	-45.8	-41.9	-12.1	-167.2	51.2
<i>Claims on Private Sector</i>	3.6	4.7	4.9	5.3	6.7	8.8	7.8	-1.0
<i>Claims on Other Private Sector</i>	3.2	4.3	4.6	4.9	6.2	8.1	6.9	-1.5
<i>Claims on State and Local Government</i>	14.2	15.4	13.1	16.7	19.9	25.7	7.4	2.2
<i>Claims on Non-financial Public Enterprises</i>								
Foreign Assets (Net)	5.4	9.5	13.0	15.8	22.8	22.3	27.5	2.2
Other Assets (Net)	2.2	0.0	0.8	-0.7	-0.7	-9.0	-5.4	-8.7
Total Monetary Assets (M2)	1.4	0.7	3.5	5.7	8.2	13.2	13.7	0.3
Quasi-Money 1/	5.4	7.0	15.2	17.5	20.3	25.3	23.4	2.1
Money Supply (M1)	-2.5	-5.5	-7.8	-5.6	-3.4	1.6	4.3	-1.8
<i>Currency Outside Banks</i>	-12.6	-13.5	-13.2	-14.1	-7.4	-8.4	4.5	-11.2
<i>Demand Deposits 2/</i>	-0.3	-3.6	-6.6	-3.7	-2.5	3.9	4.3	0.3
Total Monetary Liabilities (M2)	1.4	0.7	3.5	5.7	8.2	13.2	13.7	0.3
Memorandum Items:								
Reserve Money (RM)	-7.0	4.0	9.6	12.0	9.2	7.0	26.9	-8.5
<i>Currency in Circulation (CIC)</i>	-12.9	-13.0	-12.6	-13.9	-6.9	-8.6	4.2	-10.7
<i>DMBs Demand Deposit with CBN</i>	-5.7	25.8	38.2	-3.7	-2.5	27.1	56.0	-6.6
	Growth over Preceding Month (%)							
Domestic Credit (Net)	0.5	-1.6	0.5	1.6	-0.5	10.0	2.0	3.8
<i>Claims on Federal Government (Net)</i>	-13.1	26.5	-1.4	13.1	-7.2	-51.2	-167.2	51.2
<i>Claims on Private Sector</i>	1.5	1.0	0.3	0.3	1.3	2.0	7.8	-1.0
<i>Claims on Other Private Sector</i>	1.5	1.0	0.4	0.2	1.2	1.8	6.9	-1.5
<i>Claims on State and Local Government</i>	2.5	1.0	-2.0	3.2	2.7	4.8	7.4	2.2
<i>Claims on Non-financial Public Enterprises</i>								
Foreign Assets (Net)	-5.8	3.9	3.3	2.5	6.0	-0.4	27.5	2.2
Central Bank	-4.2	4.5	-0.2	1.6	8.2	-0.4	-5.4	-8.7
Banks	-11.6	1.1	17.7	5.4	-1.7	-5.1	13.7	0.3
Other Assets (Net)	3.7	-2.3	-0.8	-1.5	0.0	-8.2	23.4	2.1
Total Monetary Assets (M2)	-0.9	-0.7	2.8	-2.3	2.4	4.6	4.3	-1.8
Quasi-Money 1/	-2.6	1.5	7.7	2.0	2.4	4.1	4.5	-11.2
Money Supply (M1)	1.0	-3.0	-2.5	2.4	2.3	5.2	4.3	0.3
<i>Currency Outside Banks</i>	-3.0	-1.1	0.4	-1.0	7.8	-1.1	13.7	0.3
<i>Demand Deposits 2/</i>	1.8	-3.4	-3.1	3.1	1.2	6.5		
Total Monetary Liabilities (M2)	-0.9	-0.7	2.8	-2.3	2.4	6.5		
Memorandum Items:								
Reserve Money (RM)	3.3	15.2	5.4	12.0	-2.5	-2.0	26.9	-8.5
<i>Currency in Circulation (CIC)</i>	-2.5	-0.1	0.4	-1.4	8.1	-1.9	4.2	-10.7
<i>DMBs Demand Deposit with CBN</i>	3.7	33.4	9.8	3.1	1.2	-2.1	56.0	-6.6

Table A3: Federal Government Fiscal Operations (₦ billion)

	Jan-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13
Retained Revenue	251.2	282.6	273.7	429.1	340.2	262.9	248.9	246.6	246.7	245.4	329.1	243.6
Federation Account	173.5	260.7	173.5	189.2	234.0	207.6	218.2	206.7	211.7	218.7	190.4	217.4
VAT Pool Account	7.7	8.8	7.7	8.7	8.9	8.6	7.6	8.7	8.1	9.3	9.0	8.3
FGN Independent Revenue	33.4	13.1	6.9	77.2	74.9	20.6	5.7	2.8	4.6	1.2	7.3	1.6
Excess Crude	0.0	0.0	0.0	34.4	0.0	0.0	0.0	0.0	0.0	0.0	79.0	0.0
Others	36.7	0.0	0.0	119.6	22.4	16.3	16.3	16.3	16.3	16.3	43.4	16.3
Expenditure	355.8	326.0	424.9	419.7	304.7	378.6	379.8	390.4	417.6	397.0	427.1	421.6
Recurrent	308.4	208.9	289.2	264.3	240.4	273.3	260.6	332.8	354.8	337.6	279.4	289.3
Capital	0.0	66.5	135.7	155.4	51.8	85.4	108.4	54.0	57.8	52.7	110.2	94.9
Transfers	47.4	20.5	20.6	20.2	20.2	18.5	18.9	3.7	5.0	6.6	37.5	37.5
Overall Balance: Surplus(+)/Deficit(-)	-104.6	-43.5	151.2	9.4	33.5	-115.7	-130.9	-143.9	-132.9	151.6	-98.0	-178.0

