CENTRAL BANK OF NIGERIA

ECONOMIC REPORT FEBRUARY 2014

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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1.0 Summary

Growth in the key monetary aggregate further decelerated in the month of February 2014. On month-on-month basis, broad money (M2) declined by 1.0 per cent, compared with 1.3 per cent in the preceding month. The development was attributed, largely, to the 8.3 per cent fall in foreign asset (net) of the banking system. Over the level at end-December 2013, M2, also fell by 2.2 per cent. Narrow money supply (M1) fell by 1.8 per cent below the level at the end of the preceding month, due to the 5.6 and 0.8 per cent decline in its currency outside banks and demand deposit components. Reserve money (RM) fell by 2.7 per cent from its level in the preceding month.

Available data indicated mixed developments in banks' deposit and lending rates during the review month. With the exception of the average savings, 7-day and over 12 months deposit rates, which declined from a range of 3.27 – 9.80 to a range of 3.26 – 9.68 per cent, all other deposit rates of various maturities rose from a range of 8.21 – 9.40 per centin the preceding month to a range of 8.41 – 9.60 per cent. The spread between the weighted average term deposit and maximum lending rate, widened by 0.25 percentage point to 17.34 per cent at the end of February 2014. Similarly, the margin between the average savings deposit and maximum lending rates widened by 0.32 percentage point to 22.57 per cent at the end of the review month. The weighted average interbank call rate fell to 10.50 per cent from 11.98 per cent in the preceding month, reflecting the liquidity condition in the inter-bank funds market during the month.

Provisional data indicated that the value of money market assets outstanding at end–February 2014 was ₦7,059.09 billion, showing an increase of 1.3 per cent, compared with the growth of 1.9 per cent at the end of the preceding month. The development was attributed to the 2.1 per cent increase in FGN Bonds outstanding. Developments in the Nigerian Stock Exchange (NSE) were mixed during the review month.

Federally-collected revenue (gross) in February 2014 was estimated at ₦847.81 billion, showing an increase of 25.5 per cent above the receipts in the preceding month. At ₦630.14 billion, oil receipts (gross) exceeded the receipts in the preceding month. The increase in oil receipts relative to the preceding month was attributed to the increase in receipts

from crude oil and gas exports, PPT and royalties, domestic sales of crude oil and gas sales and other oil revenue.

Non-oil receipts, at ₦217.68 billion (25.7 per cent of the federally collected revenue), was 8.4 per cent higher than receipts in the preceding month, but was 27.6 per cent lower than the provisional monthly budget estimate. The rise in non-oil receipts reflected, largely, the growth in receipts from all its components, except education tax and customs and excise duties. Federal Government estimated retained revenue in February 2014 was ₦284.5 billion, while total estimated expenditure was ₦342.3 billion. Thus, the fiscal operations of the Federal Government resulted in an estimated deficit of ₦57.8 billion, compared with the estimated monthly budget deficit of ₦73.92 billion.

The dominant agricultural activities in February 2014 included: harvesting of tree crops and clearing of land for the 2014 wet season farming. Crude oil production, including condensates and natural gas liquids in February was estimated at 1.86 million barrels per day (mbd) or 52.08 million barrels for the month. Crude oil export was estimated at 1.41 million barrels per day (mbd) or 39.48 million barrels during the month. The average price of Nigeria's reference crude, the Bonny Light (37^0 API), was estimated at US$111.40 per barrel, indicating an increase of 1.1 per cent above the level in the preceding month.

The end-period headline inflation rate (year-on-year), in February 2014, was 7.7 per cent, 0.3 percentage point below its level in the preceding month. Inflation rate on a twelve-month moving average basis fell by 0.1 percentage point to 8.3 per cent from the level in the preceding month.

Foreign exchange inflow and outflow through the CBN in February 2014 were US$2.80 billion and US$6.61 billion, respectively, and resulted in a net outflow of US$3.81 billion. Foreign exchange sales by the CBN to the authorized dealers amounted to US$6.25 billion, showing an increase of 54.9 per cent above 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 depreciated at the rDAS and interbank segments, while it appreciated at the bureau-de-change segment of the foreign exchange market. Non-oil export receipts rose significantly by 12.5 per cent above the level in the preceding month. The development was attributed, largely, to the increase in *export earnings from manufactured products, industrial and agricultural sector.*

World crude oil output in February 2014 was estimated at 91.87 million barrels per day (mbd), while demand was estimated at 91.46 million barrels per day (mbd)), representing an excess supply of 0.41 mbd, compared with 90.44 and 90.00 mbd supplied and demanded, respectively, in the preceding month.

Other major international economic developments and meetings of importance to the domestic economy during the review period included: the meetings of G20 Finance Ministers and Central Bank Governors held at Sydney, from February 22-23, 2014. In a related development, the first 2014 Ordinary Meeting of the Bureau of the Association of African Central Banks (AACB) was held at the Head Office of the Central Bank of West African States (BCEAO), in Dakar, Senegal on February 26, 2014. Finally, the inaugural meeting of the Presidential Task-Force meeting on ECOWAS Monetary Cooperation Programme was held in Niamey, Republic of Niger, from February 20 – 21, 2014.

2.0 Financial Sector Developments

2.1 Monetary and Credit Developments

Growth in money supply (M2) further decelerated at the end of the review month. Available data indicated mixed developments in banks' deposit and lending rates during review month. The value of money market assets outstanding increased, owing, largely, to the fall in FGN Bonds during the review period. Developments on the Nigerian Stock Exchange (NSE) were mixed during the review month.

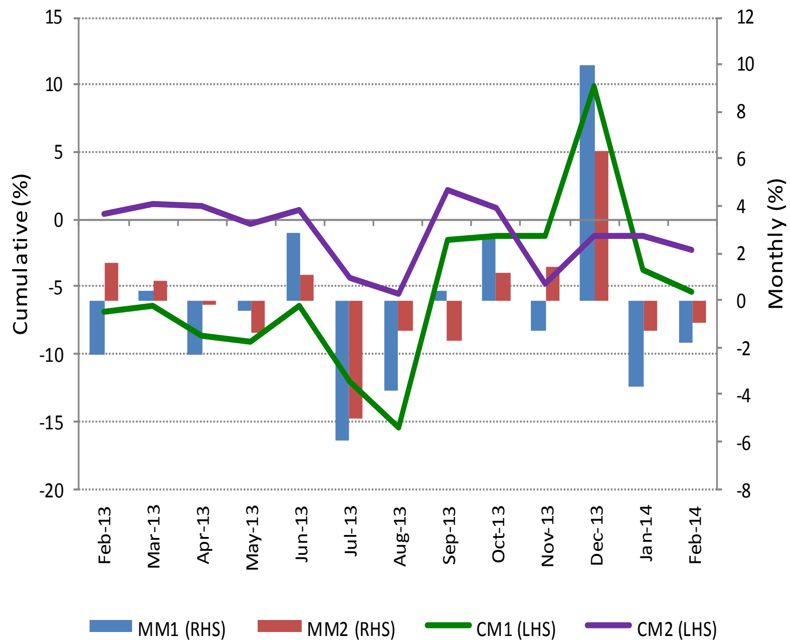
Monetary aggregates declined on month-on-month basis at end-February 2014.

Provisional data indicated that money supply declined at end-February 2014. Broad money supply (M_2), at ₦15,318.78 billion, fell by 1.0 per cent, on month-on-month basis, compared with the decline of 1.3 per cent at the end of the preceding month. The development reflected wholly the 8.3 per cent decline in foreign assets (net) of the banking system, which more than off-set the growth in aggregate domestic credit and other assets (net) of the banking system. Relative to its level at end-December 2013, broad money supply (M_2) declined by 2.2 per cent due, wholly, to the 11.2 per cent decline in net foreign assets of the banking system.

Narrow money supply (M_1), at ₦6,633.8 billion, declined by 1.8 per cent, compared with the decline of 3.7 per cent at the end of the preceding month. The development was attributed to the 5.7 and 0.8 per cent decline in its currency outside banks and demand deposit components, respectively. Relative to the level at end-December 2013, narrow money (M1) also declined by 5.4 per cent due to the same reason above (Fig. 1, Table 1).

Quasi-money declined by 0.3 per cent to ₦8,684.8 billion, in contrast to the growth of 0.6 per cent at the end of the preceding month. The development relative to preceding month, reflected the fall in time and savings deposits with banks. Over end-December 2013, quasi money grew by 0.3 per cent.

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

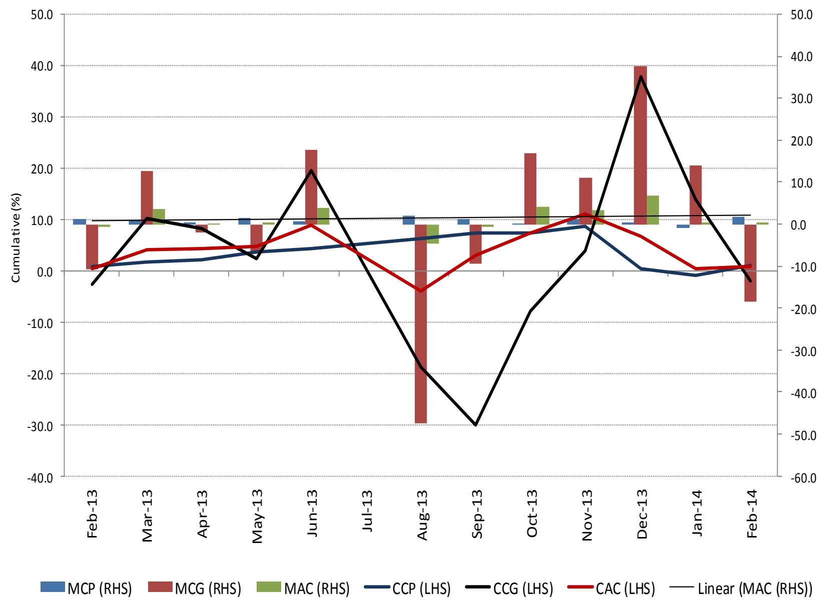


At ₦15,169.8 billion, aggregate banking system credit (net) to the domestic economy at end-February 2014 rose by 0.4 per cent, on month-on-month basis, compared with the growth of 0.5 per cent at the end of the preceding month. The development reflected, wholly, the 1.8 per cent increase in claims on the private sector, which more than offset the 18.4 per cent decline in net claims on the Federal Government. Over the level at end-December 2013, aggregate banking system credit (net) to the domestic economy rose by 0.9 per cent due to 1.0 per cent increase in claims on the private sector.

Banking system's credit (net) to the Federal Government, on month-on-month basis, fell by 18.4 per cent at end-February 2014, in contrast to the increase of 13.9 per cent at the end of the preceding month. The development was due to the decline in the banking system holdings of government securities. Over the level at end-December 2013, claims on Federal Government fell by 2.0 per cent due to 6.1 per cent decline in banks holding of government securities.

Banking system credit to the private sector grew by 1.8 per cent to ₦16,668.3 billion at the end of the review month. The development was due, wholly, to the 2.2 per cent growth in claims on the core private sector. Relative to the level at the end of December 2013, banking system's credit to the private sector rose by 1.0 per cent (Fig. 2, Table 1).

Figure 2: Growth Rate of Aggregate Domestic Credit to the Economy[1]



At ₦7,557.2 billion, foreign assets (net) of the banking system fell by 8.3 per cent at end-February 2014, compared with the decline of 3.2 per cent at the end of the preceding month. The development was attributed to the respective decline of 6.2 and 16.1 per cent in net foreign asset of both the CBN and the banks. Relative to the level at end-December 2013, NFA declined by 11.2 per cent at end-February 2014, reflecting the fall of 12.0 and 8.0 per cent in the foreign asset holdings of the CBN and banks, respectively.

Foreign assets (net) of the banking system fell on month-on-month basis at end February 2014.

[1] 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).

Other assets (net) of the banking system, on a month-on-month basis, increased by 6.1 per cent to negative ₦7,408.41 billion, as against the decline of 0.01 per cent at the end of the preceding month. The development reflected, largely, the increase in unclassified assets of both the CBN and the DMBs. Relative to its level at the end of December 2013, other assets (net) increased by 6.0 per cent.

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

	Feb-13	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14
Domestic Credit (Net)	2.6	0.2	2.6	-0.5	3.7	0.2	0.4	4.0	4.1	3.4	6.7	0.5	0.4
Claims on Federal Government (Net)	9.0	7.7	13.0	-10.7	12.6	-2.1	-6.6	-17.6	17.0	10.9	37.7	13.9	-18.4
Claims on Private Sector	0.6	-0.9	0.6	1.17	1.0	0.5	1.3	0.7	0.0	1.1	0.4	-0.8	1.8
Claims on Other Private Sector	0.9	-1.1	0.9	1.1	0.8	0.8	1.3	0.3	0.0	0.8	-0.1	-1.2	2.2
Foreign Assets (Net)	5.2	2.5	5.2	-0.7	-1.3	-1.6	-4.1	-1.2	-0.3	-2.4	-1.9	3.2	-8.3
Other Assets (Net)	-8.7	-6.1	-8.4	3.7	-5.5	-1.2	6.9	-17.8	-4.5	-0.6	1.9	0.0	6.1
Broad Money Supply (M2)	1.6	-1.0	1.6	0.8	-0.2	-1.4	1.1	-5.0	1.2	1.4	6.3	-1.3	-1.0
Quasi-Money	4.9	2.1	4.9	1.1	1.5	-2.0	-0.3	-4.2	0.0	3.6	3.6	0.6	-0.3
Narrow Money Supply (M1)	-2.3	-4.4	-2.3	0.4	-2.3	-0.5	2.9	-6.0	2.7	-1.3	10.0	3.7	-1.8
Reserve Money (RM)	10.6	-8.2	10.6	3.9	-12.2	-0.1	-5.7	19.7	3.0	3.0	24.6	-2.8	-2.7

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

At ₦1,558.0 billion, currency-in-circulation fell by 1.9 per cent in the review month, compared with 10.6 and 12.3 per cent at the end of the preceding month and end-December 2013, respectively. The development, relative to the preceding month, largely, reflected the 5.6 per cent decline in its currency outside banks component.

Total deposits at the CBN amounted to ₦6,810.12 billion, indicating a decline of 1.0 per cent below the level at the end of the preceding month. The development reflected, largely, the fall in banks' deposit, which more than offset the increase in deposit by "others" and Federal Government. Of the total deposits, the percentage shares of the Federal Government, banks and "others" were 39.5, 54.4 and 6.1 per cent, respectively.

Reserve money (RM) fell during the review period.

Reserve money (RM) fell by 2.7 per cent to ₦5,258.7 billion at the end of the review month, reflecting the trends in currency-in-circulation and banks' reserves.

2.3 Money Market Developments

Available data indicated that money market indicators were relatively stable during the review month. The Monetary Policy Rate (MPR) was retained at 12.0 per cent. In addition, banks repositioned their portfolios following the increase in Cash Reserve Requirement (CRR) on public sector deposits from 50.0 to 75.0 per cent. The CBN also intervened periodically in the market through the open market operations for the purpose of liquidity management, while 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.

Provisional data indicated that the value of money market assets outstanding at end-February 2014 was ₦7,059.09 billion, indicating an increase of 1.30 per cent, compared with the increase of 1.96 per cent at the end of the preceding month. The development was attributed largely, to the 2.09 per cent increase in FGN Bonds outstanding.

2.3.1 Interest Rate Developments

Developments in interest rates were mixed in February 2014.

Available data indicated mixed developments in banks' deposit and lending rates during the review month. With the exception of the average savings, 7-day and over 12 months deposit rates, which declined from a range of 3.27 – 9.80 in January 2014 to a range of 3.26 – 9.68 per cent, all other deposit rates of various maturities rose from a range of 8.21 – 9.40 per cent in the preceding month to a range of 8.41 – 9.60 per cent. At 8.49 per cent, the average term deposit rate rose by 0.06 percentage point above the level in the preceding month. Similarly, the average maximum lending rate rose by 0.31 percentage point to 25.83 per cent. However, the average prime lending rate fell by 0.02 percentage point to 16.93 per cent during the review month. Consequently, the spread between the weighted average term deposit and maximum lending rates widened by 0.25 percentage point to 17.34 per cent. Similarly, the margin between the average savings deposit and maximum lending rates widened by 0.32 percentage point to 22.57 per cent at the end of the review month.

At the interbank call segment, the weighted average rate, which stood at 11.98 per cent in the preceding month, fell by1.48 percentage point to 10.50 per cent in February 2014. Similarly, the weighted average rate at the open-buy-back (OBB) segment, fell by 0.62 percentage point to 11.25 per cent in the review month. The Nigeria interbank offered rate (NIBOR) for 7-day and 30-day tenors, however, rose to 12.02 and 12.37 per cent, respectively, in the review period from 10.85 and 11.87 per cent in the preceding month. With the headline inflation rate at 7.7 per cent at end-February 2014, most rates were positive in real terms with the exception of the average savings and the 7-day tenor deposit rates (Fig. 3, Table 2).

Figure 3: Selected DMBs Interest Rates (Average)

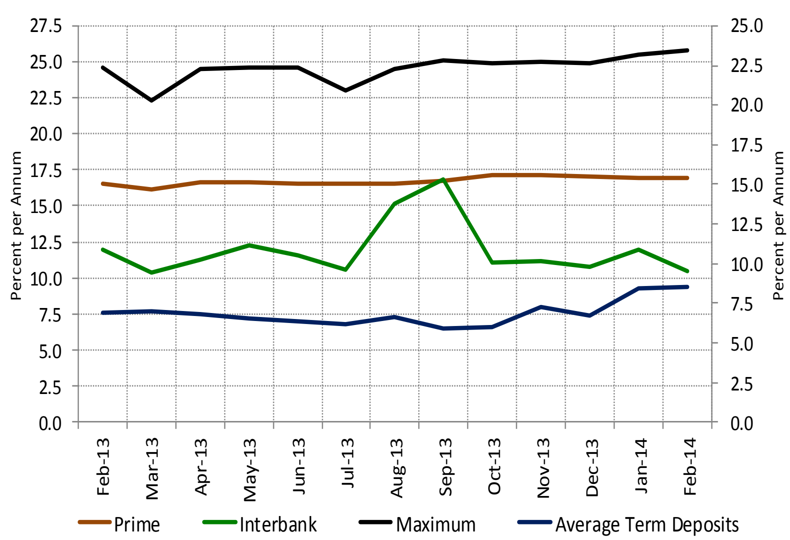


Table 2: Selected Interest Rates (Percent, Averages)

	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14
Average Term Deposits	6.88	6.99	6.83	6.55	6.35	6.16	6.72	5.90	6.01	7.21	7.21	6.69	8.43	8.49
Prime Lending	16.56	16.16	16.65	16.66	16.56	16.53	16.55	16.76	17.10	17.17	17.17	17.01	16.95	16.93
Interbank	11.98	10.39	11.24	12.23	11.59	10.63	15.24	16.88	11.08	11.15	11.23	10.75	11.98	10.50
Maximum Lending	24.60	22.31	24.53	24.57	23.58	23.05	24.46	25.12	24.90	25.00	25.00	24.90	25.52	25.83

2.3.2 Commercial Paper (CP)

The value of commercial paper (CP) held by the DMBs rose by 2.08 per cent to ₦10.81 billion at the end of February 2014, compared with the value of ₦10.59 billion at the end of the preceding month. The development was due to the rise in investment in CP by the commercial banks during the review month. Thus, CP constituted 0.15 per cent of the total value of money market assets outstanding, during the review period, same as in the preceding month.

2.3.3 Bankers' Acceptances (BAs)

The value of bankers' acceptances (BAs) during the review period increased by 1.72 per cent to ₦20.69 billion, compared with ₦20.34 billion at the end of the preceding month. The development was attributed to the increase in investment in BAs by the banks during the month. Consequently, BAs accounted for 0.29 per cent of the total value of money market assets outstanding at the end of February 2014, same as in the preceding month.

2.3.4 Open Market Operations

The Bank intervened fifteen (15) times in the money market through direct OMO auction. Seventeen (17) maturities, ranging from 93- to 147-day tenors, were traded in the review month. Total amount offered, subscribed to and allotted were ₦820.00 billion, ₦587.84 billion and ₦307.40 billion, respectively, compared with ₦880.00 billion, ₦1,778.09 billion and ₦1, 091.49 billion in the preceding month. The bid rates ranged from 12.00 - 16.50 per cent, while the stop rate ranged between 12.10 - 13.10 per cent, compared with the 11.20 – 12.10 per cent recorded in the preceding month. During the month, CBN bills amounting to ₦843.98 billion matured and were repaid, translating to a net injection of ₦536.57 billion.

2.3.5 Primary Market

Nigerian Treasury Bills of 91-, 182- and 364-day tenors were auctioned at the primary market. Total amount offered, subscribed to and allotted stood at ₦ 319.93 billion, ₦ 481.99 billion and ₦ 319.93 billion, respectively, compared with ₦359.30 billion, ₦712.28 billion and ₦359.30 billion in January 2014. The bid-to-cover ratios for the various tenors were 1.08, 1.18 and 1.73 for the 91-, 182- and 364-day tenors, respectively. Of the bid-cover ratios, the 364-day tenor performed better, indicating strong investors' preference for long-dated government bills during the review period.

2.3.6 Bonds Market

Two FGN Bonds were reopened during the review month.

FGN Bonds of two maturities (13.05% FGN AUG 2016 and the 10.00% FGN JUL 2030) were re-opened in the market in February 2014. The two maturities were reopened with time-to-maturity of 2 years 6 months for the 3-year bonds and 16 years 5 months for the 20-year bond. Total amount offered, subscribed to and allotted for the 13.05% FGN AUG 2016 were ₦45.00 billion, ₦91.00 billion, and ₦45.00 billion, respectively. For the 10.00% FGN July 2030 tranche, the amount offered, subscribed to and allotted were ₦45.00 billion, ₦94.37 billion and ₦45.00 billion, respectively. The bid rates on all the tranches ranged from 12.00 - 17.50 per cent, while the marginal rates were 13.49 and 13.60 per cent, respectively. In the preceding month, the amount offered, subscribed to and allotted, were ₦45.00 billion, ₦86.98 billion, and ₦45.00 billion, for the 3- and 20-year tenors, at marginal rates of 13.10 and 13.60 per cent, respectively.

2.3.7 CBN Standing Facilities

Aggregate Standing Lending Facility (SLF) granted during the period under review was ₦653.74 billion, reflecting a daily average of ₦32.69 billion, compared with ₦612.94 billion and a daily average of ₦29.19 billion in the preceding month. The total amount granted indicated an increase of 6.6 per cent. Interest paid on SLF in the month of February 2014 stood at ₦337.43 million. The aggregate Standing Deposit Facility (SDF) stood at ₦4,953.72 billion with a daily average of ₦247.69 billion, compared with ₦11,965.22 billion with a daily average of ₦629.75 billion, indicating an increase of 58.6 per cent over the level in the preceding month. Interest paid on SLF in the month of February 2014 stood at ₦1,870.22 million The developments reflected the liquidity condition in the market during the review month.

2.4 Deposit Money Banks' Activities

Available data indicated that total assets and liabilities of the deposit money banks (DMBs) amounted to ₦24,292.8 billion, showing a decline of 0.5 per cent below the level at the end of the preceding month. Funds were sourced mainly from reduction in unclassified assets, claims on the central government; and claims on the Central Bank. The funds were used, largely, to build-up of reserves and extend credit to the private sector.

At ₦12,343.4 billion, banks' credit to the domestic economy rose by 2.2 per cent above the level in the preceding month. The development was attributed to the 2.6 per cent increase in banks' credit to the private sector, which more than offset the 4.9 per cent fall in banks' credit to the Federal Government during the review month.

DMBs' Credit to the domestic economy rose by 2.2 per cent above the level in the preceding month.

Total specified liquid assets of the DMBs stood at ₦5,945.9 billion. At that level, the liquidity ratio fell by 1.1 percentage point below the level in the preceding month and was 15.0 percentage points above the stipulated minimum ratio of 30.0 per cent. The loans-to-deposit ratio, at 55.5 per cent, was 2.0 percentage points above the level at the end of the preceding month, but was 24.5 percentage points below the prescribed maximum ratio of 80.0 per cent.

2.5 Discount Houses' Activities

Provisional data indicated that total assets and liabilities of the discount houses stood at ₦177.9 billion at end-February 2014, showing an increase of 48.7 per cent above the level at end-January 2014. The development was accounted for, largely, by the 59.6 and 67.4 per cent rise in cash and balances with banks and claims on the Federal Government, respectively. Correspondingly, the increase in total liabilities was attributed, largely, to the 116.2 per cent growth in money-at-call.

Discount houses' investment in Federal Government securities of less than 91-day maturity rose to ₦86.35 billion and accounted for 60.2 per cent of their total deposit liabilities. Thus, investment in Federal Government Securities was 0.2 percentage point above the prescribed minimum level of 60.0 per cent. At that level, discount houses' investment on NTBs rose by 134.5 per cent above the level at the end of the preceding month. Total borrowing by the discount houses was ₦42.4 billion, while their capital and reserves amounted to ₦23.0 billion. This resulted in a gearing ratio of 1.8:1, compared with the stipulated maximum target of 50:1 for fiscal 2014.

2.6 Capital Market Developments

2.6.1 Secondary Market

Available data at end-February 2014 indicated that activities on the Nigerian Stock Exchange (NSE) were mixed. The volume of traded securities (equities and bonds) stood at 12.3 billion shares, indicating an increase of 49.6 per cent above the level in the preceding month, while the value of traded securities stood at N99.40 billion, indicating an increase of 9.2 per cent above the level in the preceding month, in 104,625 deals. Most of the transactions were accounted for by trading activities in the financial services sector with 10.7 billion shares valued at ₦54.6 billion traded in 59,030 deals. The Banking Sub-sector remained the most active (measured by volume of shares traded on the Exchange) followed by the Conglomerates industry.

Figure 4: Volume and Value of Traded Securities

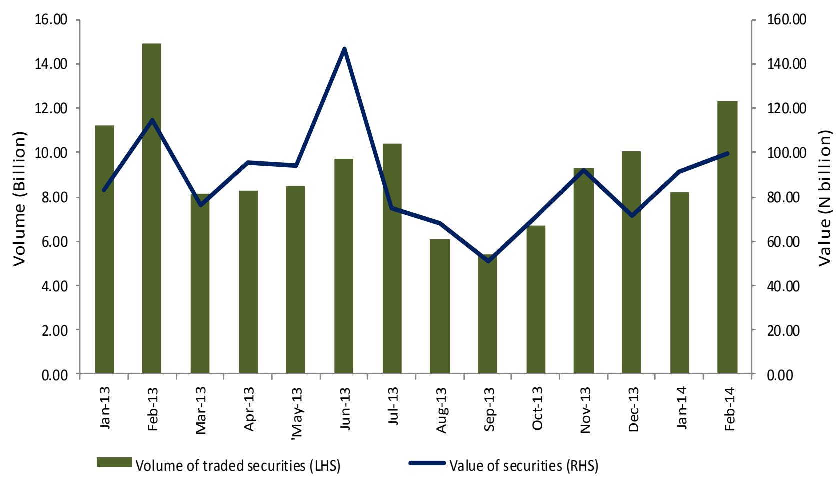


Table 3: Traded Securities on the Nigerian Stock Exchange (NSE

	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14
Volume (Billion)	14.93	8.12	8.3	8.5	9.7	10.4	6.1	5.4	6.7	9.3	10.04	8.23	12.3
Value (₦ Billion)	114.34	75.93	95.31	94.36	146.9	74.9	67.8	51.1	70.6	92.3	71.12	91.0	99.4

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

Provisional data indicated that transactions on the Over-the-Counter (OTC) bonds market indicated a turnover of 5.18 million units worth ₦5.16 billion traded in 19 deals during the month, compared with 15.9 million units, worth ₦15.7 billion traded in 21 deals recorded in January 2014.

2.6.3 New Issues Market

There were two (2) supplementary listings on the Exchange during the review month.

Table 4: Supplementary Listing on the Nigerian Stock Exchange

S/N	Company	Additional Shares (Units)	Reasons	Listing
1	Neimeth Int Pharm PLc	261,591,888.0 Billion	Bonus Issues	Supplementary
2	Oando Plc	2,046,706,324 Billion	Placement	Supplementary

2.6.4 Market Capitalization

The aggregate market capitalization for all the listed securities (equities and bonds) stood at ₦17.3 trillion at end-February 2014, indicating a decline of 2.3 per cent below the level at the end of the preceding month. Market capitalization for the equities segment also fell by 2.3 per cent to ₦12.7 trillion at end-February 2014, compared with ₦13.0 trillion at the end of the preceding month.

2.6.5 *NSE All-Share Index*

The All-Share Index, which opened at 40,571.62 at the beginning of the month, closed at 39,558.89, representing a decrease of 2.5 per cent below the level in the preceding month. Similarly, all the sectoral indices: NSE-Consumer Goods, NSE Banking, NSE Insurance, NSE Oil/Gas, NSE-Lotus, NSE- Industrial Goods and NSE-Asem declined by 4.1, 7.5, 0.9, 0.3, 0.8, 1.7, and 0.4 per cent, respectively, below their levels in the preceding month.

Figure 5: Market Capitalization and All-Share Index

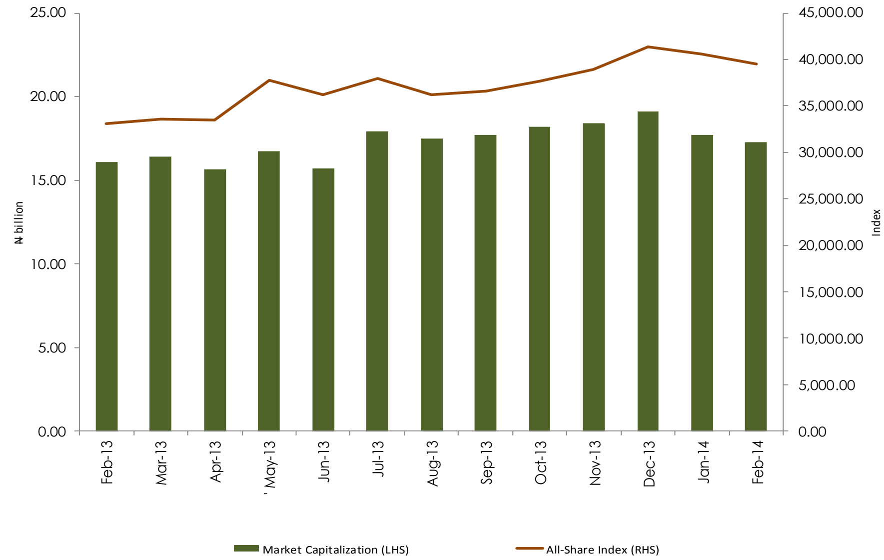


Table 5: Market Capitalization and All Share Index (NSE)

	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14
Market Capitalization (₦ trillion)	17.9	17.5	17.7	18.2	18.4	19.1	17.7	17.3
All-Share Index	37,914.33	36,248.53	36,585.08	3,762,274.00	38,920.85	41,329.19	40,571.62	39,558.89

3.0 Fiscal Operations

3.1 Federation Account Operations

Available data showed that estimated federally-collected revenue (gross) in February 2014, at ₦847.81 billion, exceeded the receipts in the preceding month by 25.5 per cent, but was lower than the monthly budget by 10.3 per cent. The decline, relative to the 2013 monthly budget estimate, was attributed, largely, to the shortfall in non-oil revenue during the review period. Relative to the preceding month, growth in estimated federally-collected revenue (gross) was attributed to increases in both oil and non-oil revenue (Fig. 6, Table 6).

Gross federally-collected revenue increased above its level in the preceding month, but was lower than the 2013 monthly budget estimate.

Figure 6: Components of Gross Federally-Collected Revenue

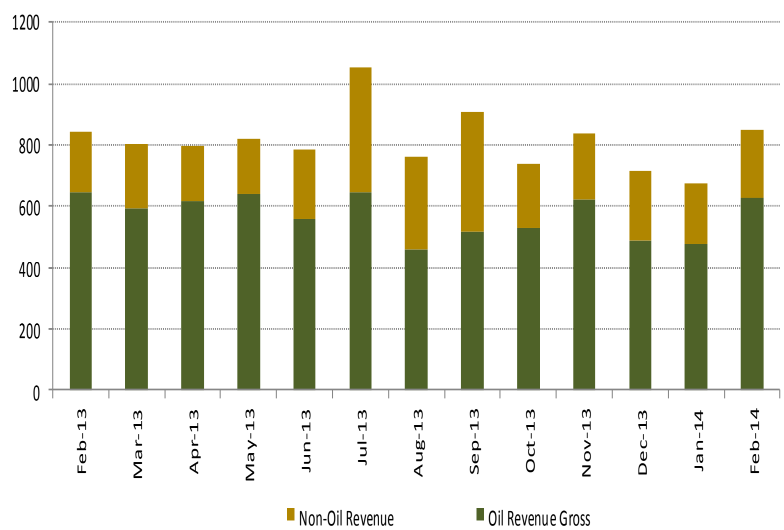


Table 6: Gross Federation Account Revenue (₦ billion)

	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14
Federally-collected revenue (Gross)	861.1	806.4	785.9	795.5	783.3	1079.7	760.9	905.3	740.3	744.0	717.6	675.3	847.8
Oil Revenue	647.6	595.3	613.4	641.0	559.4	645.7	457.2	519.9	526.4	521.3	490.8	474.4	630.1
Non-Oil Revenue	213.4	211.2	172.6	154.5	223.9	434.1	303.7	385.4	214.0	222.7	226.8	200.9	217.7

At ₦630.14 billion, oil receipts (gross), which constituted 74.3 per cent of the total revenue, exceeded the receipts in the preceding month by 32.8 per cent, but was lower than the monthly budget estimate by 2.2 per cent. The fall in oil receipts relative to the monthly budget estimate was attributed to the shortfall in receipts from crude oil and gas export due to pipe line vandalism resulting in a drop in production. Relative to the preceding month, the rise in oil receipts was attributed to increase in all its components (Fig. 7, Table 7).

Figure 7: Gross Oil Revenue and Its Components

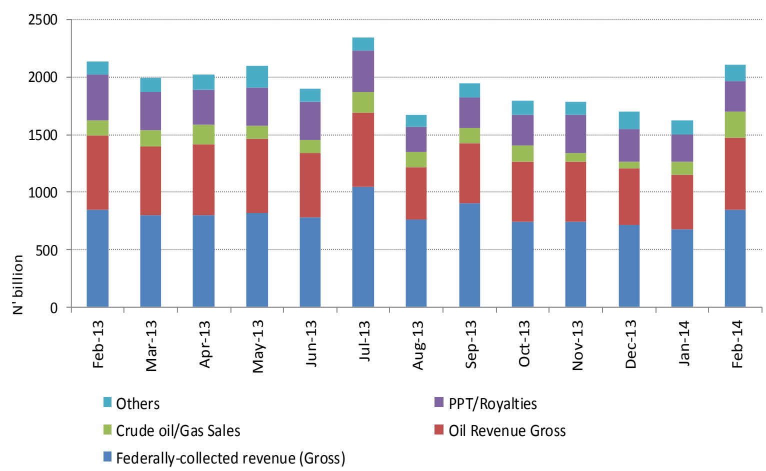


Table 7: Components of Gross Oil Revenue (₦ billion)

	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14
Oil Revenue	**647.6**	**595.3**	**613.4**	**641.0**	**559.4**	**645.7**	**457.2**	**519.9**	**526.4**	**521.3**	**490.8**	**474.4**	**630.1**
Crude oil/Gas Sales	129.9	136.4	173.6	118.7	111.5	173.1	129.0	138.0	139.0	78.2	58.7	119.5	224.0
Domstic crude oil/G	119.4	112.6	133.4	187.8	114.3	113.8	109.3	118.0	124.0	114.7	145.3	123.0	128.2
PPT/Royalties	398.0	331.7	305.4	334.3	333.3	358.6	218.6	263.2	263.1	325.9	286.4	231.7	262.2
Others	0.3	14.6	0.9	0.2	0.3	0.2	0.3	0.7	0.2	2.5	0.4	0.2	15.7

Non-oil receipts (gross), at ₦217.68 billion or 25.7 per cent of the total, exceeded the receipts in the preceding month by 8.4 per cent, but was lower than the monthly budget estimate by 27.6 per cent. On a month-on-month basis, the rise in non-oil receipts (gross) was attributed to the growth in receipts from all its components, except customs and excise duties and education tax. However, the decline in non-oil revenue relative to the monthly budget estimate reflected, largely, the low receipts from all its components except custom special levy and Value Added Tax.

Non-oil receipts (gross) rose above its level in the preceding month but declined relative to the monthly budget estimate.

Figure 8: Gross Non-Oil Revenue and its Components

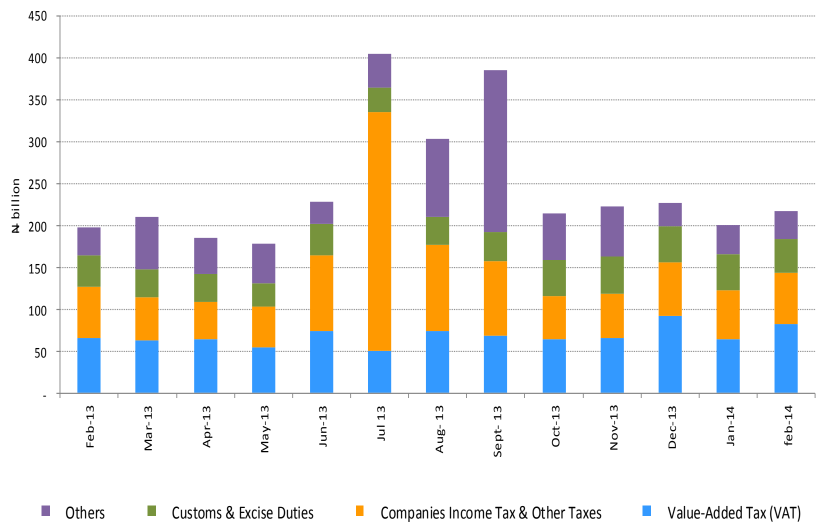


Table 8: Components of Gross Non-Oil Revenue (₦ billion)

	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sept-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14
Non-Oil Revenue	213.4	211.2	185.6	154.5	223.9	434.1	303.7	385.4	214.0	222.7	226.8	200.9	217.7
Value-Added Tax (VAT)	65.3	62.7	64.2	54.6	74.9	51.2	74.2	69.0	63.9	66.4	91.7	64.7	82.3
Companies Income Tax & Other Taxes	62.2	51.0	45.3	48.1	89.7	283.6	103.0	88.4	52.0	52.4	64.7	57.7	61.6
Customs & Excise Duties	36.4	34.0	32.0	28.2	37.0	29.1	33.0	35.4	42.5	44.1	42.3	43.1	39.7
Others	49.5	63.5	44.0	23.6	22.4	70.2	93.5	192.6	55.5	59.9	28.1	35.3	34.1

Of the federally-collected revenue (gross), the sum of ₦498.44 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 ₦235.02 billion, while the state and local governments received ₦119.21 billion and ₦91.90 billion, respectively. The balance of ₦52.31 billion was credited to the 13.0% Derivation Fund for distribution to the oil-producing states. From the VAT Pool Account, the Federal Government received ₦11.85 billion, while the state and local governments received ₦39.49 billion and ₦27.64 billion, respectively. Overall, the total allocation to the three tiers of government from the Federation and VAT Pool Accounts in the review month amounted to ₦620.59 billion.

3.2 The Fiscal Operations of the Three Tiers of Government

3.2.1 The Federal Government

The estimated Federal government retained revenue was higher than the receipts in the preceding month.

At ₦284.47 billion, the estimated Federal Government retained revenue for February 2014 exceeded the receipts in the preceding month by 8.2 per cent, but was lower than the monthly budget estimate by 30.4 per cent. Of the total amount, the Federation Account accounted for 82.6 per cent, while FGN Independent Revenue, SURE-P, and VAT Pool Accounts, accounted for 7.5, 5.7 and 4.2 per cent, respectively, (Fig. 9, Table 9).

Figure 9: Sources of Federal Government Retained Revenue

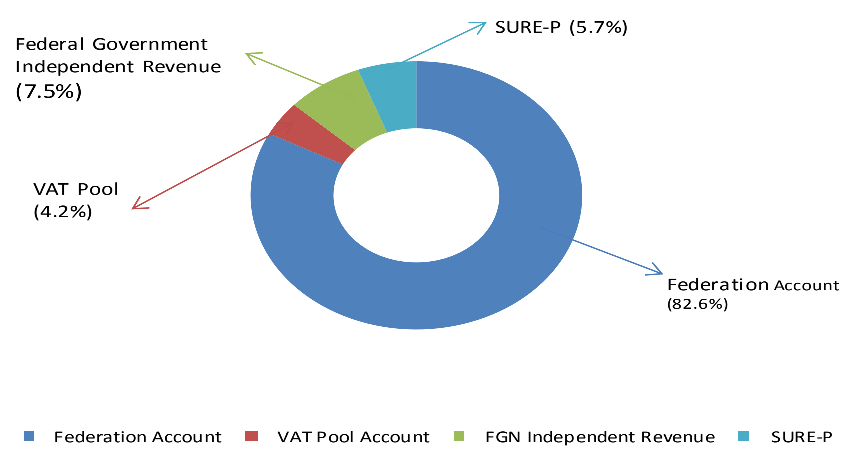


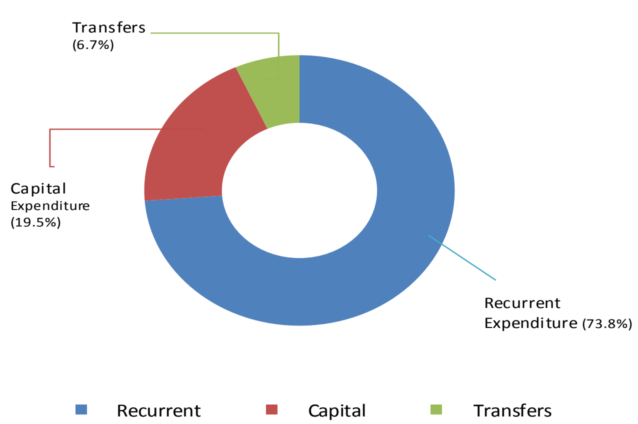
Table 9: Federal Government Fiscal Operations (₦ billion)

	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14
Retained Revenue	272.4	426.0	315.6	283.0	358.8	353.1	261.9	379.6	276.0	252.6	293.7	262.9	284.5
Expenditure	588.0	331.8	495.3	335.0	384.7	446.5	343.3	348.1	337.6	342.0	409.1	339.9	342.3
Overall Balance: (+)/(-)	-315.7	37.8	-179.7	-52.1	-25.8	-93.5	-81.5	31.5	-61.7	-89.5	-115.4	-77.0	-57.8

At ₦342.25 billion, total estimated expenditure for February 2014 was above the level in the preceding period by 0.7 per cent, but lower than the monthly budget estimate by 29.1 per cent. A breakdown of total expenditure showed that the recurrent expenditure accounted for 73.8 per cent, while the capital expenditure and transfer components accounted for the balance of 19.5 and 6.7 per cent, respectively. Non-debt obligations accounted for 76.6 per cent of the total recurrent expenditure, while debt service payments accounted for the balance of 23.4 per cent (Fig. 10).

Total estimated expenditure for February 2014 rose marginally above the level in the preceding month

Figure 10: Federal Government Expenditure



The fiscal operations of the FG resulted in an estimated deficit of ₦57.79 billion in February 2014.

Thus, the fiscal operations of the Federal Government resulted in an estimated deficit of ₦57.79 billion, compared with the 2013 monthly budget deficit estimate of ₦73.92 billion for 2014.

3.2.2 *Statutory Allocations to State Governments*

Total receipts by state governments, including the share of VAT and the Federation Account stood at ₦228.62 billion. This was higher than the level in the preceding month by 9.2 per cent, but was lower than the level in the corresponding period of 2013 by 13.3 per cent.

The breakdown showed that, at ₦39.49 billion or 17.3 per cent of the total, receipts from the VAT Pool Account was 27.1 and 26.0 per cent above the levels in the preceding month and the corresponding period of 2013, respectively. At ₦189.12 billion or 82.7 per cent of the total, state governments' receipt from the Federation Account was 6.1 per cent above the level in the preceding month, but was 18.6 per cent lower than the level in the corresponding period of 2013.

3.2.3 *Statutory Allocations to Local Government Councils*

Total receipts by the local governments from the Federation and VAT Pool Accounts stood at ₦128.80 billion in February 2014. This exceeded the level in the preceding month by 9.6 per cent, but was 10.7 per cent below the level in the corresponding period of 2013. Of this amount, receipts from the Federation Account was ₦ 101.16 billion (78.5 per cent of the total), while the VAT Pool Account accounted for ₦27.64 billion (21.5 per cent of the total).

4.0 Domestic Economic Conditions

The dominant agricultural activities in February 2014 included: harvesting of tree crops and clearing of land for the 2014 wet season farming. In the livestock sector, farmers were involved in breeding of livestock to replace stock sold during the festive period. Crude oil production was estimated at 1.86 million barrels per day (mbd) or 52.08 million barrels during the month. The end-period inflation rate for February 2014, on a year-on-year basis, was 7.7 per cent, 0.3 percentage point below the level in the preceding month. The inflation rate on a 12-month moving average basis was 8.3 per cent, compared with the preceding month's level of 8.4 per cent.

4.1 Agricultural Sector

Preparations for the wet planting season commenced during the review period. Major agricultural activities in the southern states were harvesting of tree crops and clearing of land for the 2014 wet season farming. In the Northern states, activities were dominated by irrigation of vegetable and cereal crops. In the livestock sector, farmers were involved in breeding of livestock to replace stock sold during the December 2013 festivities.

A total of ₦1,101.7 million was guaranteed to 4,815 farmers under the Agricultural Credit Guarantee Scheme (ACGS) in the review month. This represented an increase of 4.3 and 55.7 per cent above the levels in the preceding month and the corresponding month of 2013, respectively. A sub-sectoral analysis of the loans guaranteed indicated that the food crop sub-sector had the largest share of ₦665.9 million (60.4 per cent) guaranteed to 3,714 beneficiaries; the livestock sub-sector received ₦230.5 million (20.9 per cent) for 609 beneficiaries; mixed crops sub-sector received ₦79.1 million (7.2 per cent) guaranteed to 257 beneficiaries; cash crops sub-sector got ₦48.2 million(4.4 percent) for 92 farmers, while fisheries sub-sector received ₦44.9 million (4.1 per cent) guaranteed to 74 beneficiaries. "Others" share was ₦33.2 million (3.0 per cent) for 69 beneficiaries.

Analysis by state showed that 32 states and the FCT Abuja benefited from the Scheme during the review month, with the highest and lowest sums of ₦223.3 million (20.3 per cent) and ₦0.8 million (0.07 per cent) guaranteed to Kogi State and Ebonyi States, respectively.

At end-February 2014, the total amount released by the CBN under the Commercial Agriculture Credit Scheme (CACS) to the participating banks for disbursement stood at N228.2 billion (for 307 projects).

At end-February 2014, the total amount released by the CBN under the Commercial Agriculture Credit Scheme (CACS) to the participating banks for disbursement stood at ₦228.2 billion for (307) three hundred and seven projects/promoters (Table 10).

Table 10: Disbursement of Credit under the Commercial Agriculture Credit Scheme (CACS) February 2014.

S/N	Participating Banks	Amount Disbursed (₦ billion)	Number of Projects/State Governments
1	UBA Plc.	41.80	35
2	Zenith Bank	34.00	23
3	First Bank of Nigeria Plc	26.10	64
4	Unity Bank Plc	22.30	25
5	Union Bank Nigeria PLC	18.20	21
6	Sterling Bank Plc	13.30	22
7	Stanbic IBTC Plc	13.50	29
8	Access Bank Plc	11.10	13
9	Fidelity Bank Plc	10.90	10
10	Skye Bank Plc	9.60	7
11	GTBank Plc	5.80	9
12	FCMB Plc.	5.10	10
13	ECOBANK	4.30	7
14	Citibank Plc	3.00	2
15	Diamond Bank Plc	3.00	13
16	Keystone Bank	2.10	3
17	Mainstreet Bank Plc	2.00	1
18	WEMA Bank Plc	1.10	6
19	Enterprise Bank Plc	0.50	6
20	Heritage Bank Plc	0.50	1
	TOTAL	**228.2**	**307**

4.2 Petroleum Sector

Crude oil and natural gas production was estimated at an average of 1.86 million barrels per day.

Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at an average of 1.86 million barrels per day (mbd) or 52.08 million barrels for the month. This was 0.06 mbd or 3.1 per cent lower than the 1.92 mbd or 59.52 million barrels produced in the preceding month.

Crude oil export was estimated at 1.41 mbd or 39.48 million barrels for the month. This represented a decrease of 4.1 per cent when compared with 1.47 mbd or 45.57 million barrels recorded in the preceding month. Deliveries to the refineries for domestic consumption remained at 0.45 mbd or 12.6 million barrels during the review month.

The average price of Nigeria's reference crude, the U.K Brent, the Forcados and the West Texas Intermediate rose during the month.

At an estimated average of US$111.40 per barrel, the price of Nigeria's reference crude, the Bonny Light (37° API), rose by 1.1 per cent above the level in the preceding month. The average prices of other competing crudes, namely the West Texas Intermediate at US$95.00 per barrel; the U.K Brent at US$109.77 per barrel; and the Forcados at US$112.26 per barrel, also showed similar trend as the Bonny Light.

The average price of OPEC's basket of eleven crude streams, at US$105.38 per barrel, indicated a marginal increase of 0.6 per cent over the level in the preceding month. It, however, showed a decrease of 6.5 per cent when compared with the level of US$112.75 per barrel recorded in the the corresponding period of 2013 (Fig. 11, Table 11).

Figure11: Trends in Crude Oil Prices

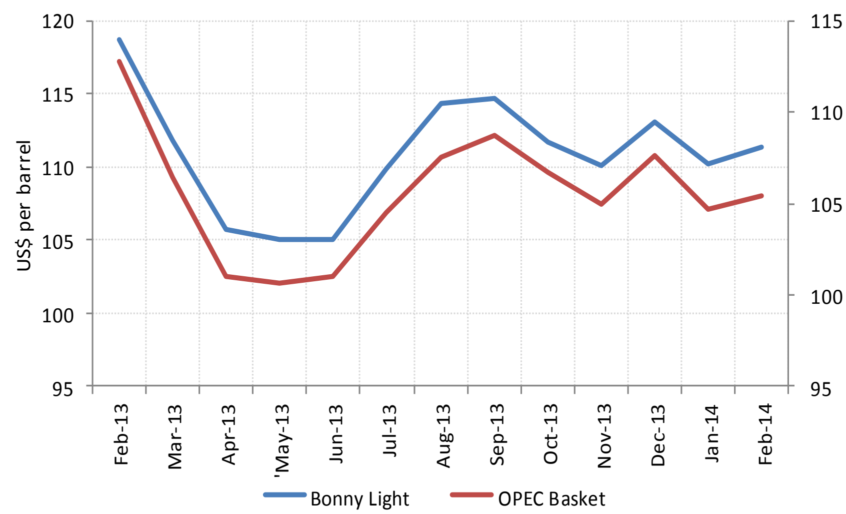


Table 11: Average Crude Oil Prices in the International Oil Market

	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14
Bonny Light	118.68	111.77	105.68	105.05	105	109.88	114.38	114.73	111..69	110.07	113.11	110.19	111.4
OPEC Basket	112.75	106.44	101.05	100.65	101.03	104.51	107.52	108.73	106.69	104.97	107.67	104.71	105.38

4.3 Consumer Prices

The general price level rose in February 2014, relative to the level in the preceding month, owing to the increase in the prices of food and non-food items.

Available data showed that the all-items composite Consumer Price Index (CPI) in February 2014 was 154.0, representing an increase of 0.5 and 7.7 per cent over the levels in the preceding month and the corresponding period of 2013, respectively. The development was attributed to the rise in the prices of food and non-alcoholic beverages; 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-February 2014 was 153.0 (November 2009=100), indicating an increase of 0.5 per cent above the level in the preceding month. The rural all-items CPI for the month was 155.1 (November 2009=100), indicating an increase of 0.5 per cent above the level in the preceding month (Fig. 12, Table 11).

The end-period inflation rate for the review month, on a year-on-year basis, was 7.7 per cent, indicating a decline of 0.3 percentage point below its level in the preceding month. Compared with the level in the corresponding period of 2013, end-period inflation rate showed a decline of 1.8 percentage points. The inflation rate on a twelve-month moving average basis was 8.3 per cent, compared with 8.4 per cent in the preceding month (Fig. 13, Table 12).

The year-on-year headline inflation rate, at 7.7 per cent, was 0.3 percentage point below the level in January 2014.

The composite food index was 156.5, indicating an increase of 0.6 per cent above the level in the preceding month. The development was accounted for by the increase in the indices of yams, potatoes and other tubers; vegetables and fruits; bread and cereals during the review month.

Figure.12:Consumer.Price.Index

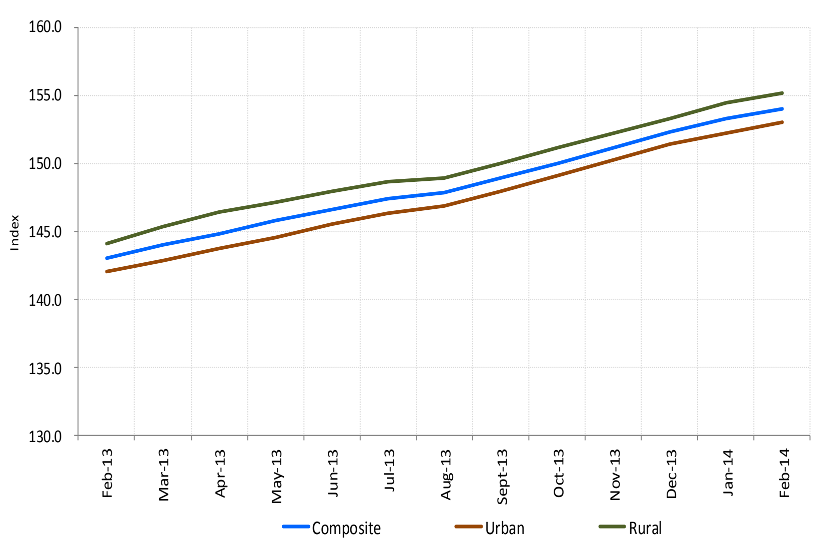


Table 12: Consumer Price Index (November 2009=100)

	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14
Composite	143.0	144.0	144.8	145.8	146.6	147.4	147.8	158.9	150.0	151.1	152.3	153.3	154.0
Urban	142.0	142.0	143.7	144.5	145.5	146.3	146.8	147.9	149.1	150.2	151.4	152.2	153.0
Rural	144.1	145.3	146.4	147.1	147.9	148.6	148.9	150.0	151.1	152.2	153.3	154.4	155.1
CPI - Food	143.3	144.6	145.6	146.4	147.5	148.4	149.2	150.4	151.6	152.9	154.3	155.5	156.5
CPI - Non Food	143.8	144.8	144.5	145.2	145.5	147.4	149.1	150.0	150.9	151.8	153.0	153.3	154.1

Figure13: Inflation Rate

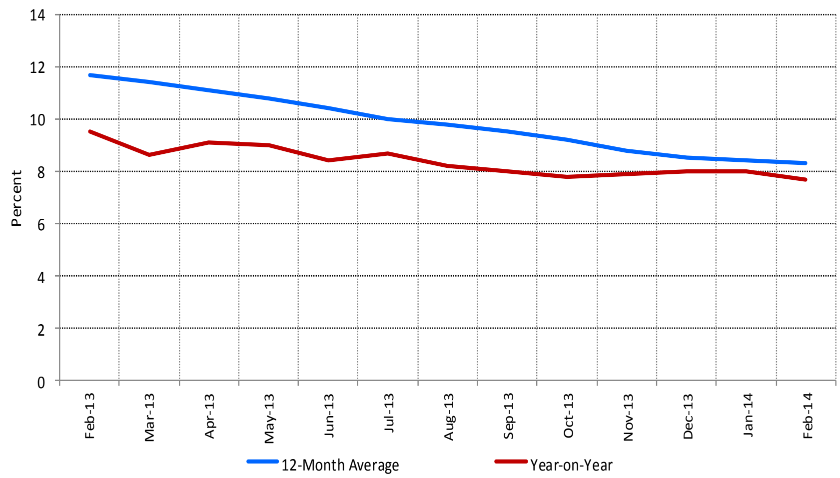


Table 13: Headline Inflation Rate (%)

	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14
12-Month Average	11.7	11.4	11.1	10.8	10.4	10.0	9.8	9.5	9.2	8.8	8.5	8.4	8.3
Year-on-Year	9.5	8.6	9.1	9.0	8.4	8.7	8.2	8.0	7.8	7.9	8.0	8.0	7.7

5.0 External Sector Developments

Provisional data indicated that foreign exchange inflow and outflow through the CBN rose by 10.0 and 42.1 per cent, respectively, relative to their levels in the preceding month. Total non-oil export receipts by banks increased by 12.5 per cent above the level in the preceding month. The gross external reserves fell by 9.2 per cent below the preceding month's level. The average exchange rates of the naira vis-à-vis the US dollar, depreciated by 0.01 per cent to ₦157.31 per US dollar at the retail Dutch Auction System (rDAS).

5.1 Foreign Exchange Flows

Provisional data indicated that foreign exchange inflow and outflow through the CBN in the review month was US$2.80 billion and US$6.61 billion, respectively, resulting in a net outflow of US$3.81 billion, compared with the net outflow of $2.11 billion in the preceding month, but was in contrast with the net inflow of $1.58 billion recorded in the corresponding period of 2013. Relative to the level in the preceding month, inflow rose by 10.0 per cent, but indicated a decline of 24.0 per cent below the level in the corresponding period of 2013. The increase in inflow relative to the preceding month was attributed to the 12.0 per cent rise in crude oil receipts. Outflow rose by 42.1 and 214.4 per cent above the levels in the preceding month and the corresponding period of 2013, respectively. The development was attributed, largely, to the increase in rDAS utilization (Fig. 14, Table 14).

Foreign exchange inflow and outflow through the CBN increased by 10.0 and 42.1 per cent in February 2014.

Figure14: Foreign Exchange Flows through the CBN

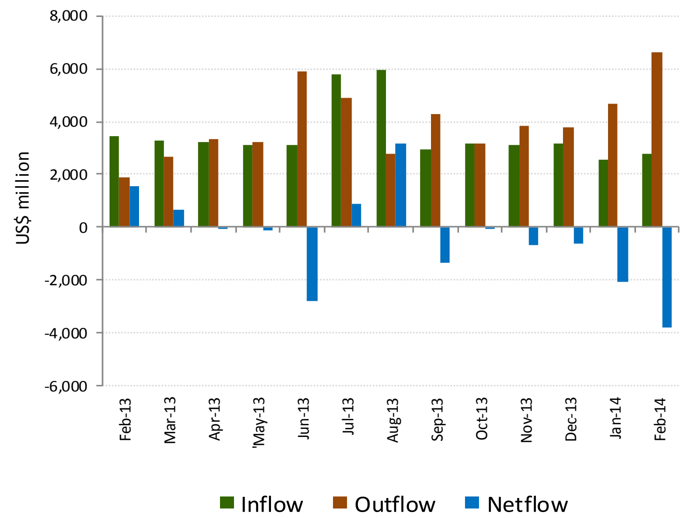


Table 14: Foreign Exchange Flows through the CBN (US$ million)

	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14
Inflow	3423.6	3302.6	3238.8	3095.5	3108.6	5778.3	5953.4	2946.0	3175.3	3125.5	3164.8	2543.6	2797.6
Outflow	1884.1	2671.5	3319.4	3233.7	5897.6	4891.3	2796.6	4308.1	3177.7	3837.8	3774.0	4652.2	6613.0
Netflow	1539.5	631.1	-80.5	-138.2	-2789.0	887.0	3156.9	-1362.0	-2.4	-712.4	-609.3	-2108.6	-3815.4

Autonomous inflows into the economy fell by 10.1 per cent in February 2014, compared with the level in the preceding month.

Provisional data on aggregate foreign exchange flows through the economy indicated that total inflow was US$11.06 billion, representing a decrease of 5.7 per cent below the level at the end of the preceding month, but was in contrast with an increase of 0.8 per cent above the level at the end of the corresponding period of 2013. The development, relative to the preceding month, was driven by the decline in receivables from other official receipts and inflow through autonomous sources. Of the total inflow, receipts through the CBN and autonomous sources accounted for 25.3 and 74.7 per cent, respectively.

Non-oil public sector inflow, at US$0.14 billion (1.3 per cent of the total), declined by 17.1 and 13.6 per cent below the levels in the preceding month and the corresponding period of 2013, respectively. Autonomous inflow, which accounted for 74.7 per cent of the total, fell by 10.1 per cent below the level in the preceding month.

At US$6.75 billion, aggregate foreign exchange outflow from the economy rose by 41.8 and 216.7 per cent above the levels in the preceding month and the corresponding period of 2013, respectively. Thus, foreign exchange flows through the economy resulted in a net inflow of US$4.31 billion in the review month, compared with US$6.97 billion and US$8.84 billion in the preceding month and the corresponding month of 2013, respectively.

5.2 Non-Oil Export Earnings by Exporters

Total non-oil export earnings by exporters increased in February 2014, on account of increase in the earnings from manufactured and industrial sectors.

Provisional data indicated that total non-oil export earnings, at US$426.46 million, rose by 12.5 per cent above the level in the preceding month. The development reflected, largely, the 32.3 and 5.6 per cent increase in manufactured and industrial sectors, respectively. A breakdown by sectors showed that proceeds of manufactured, industrial, agriculture, minerals and food products sub-sectors stood at US$246.12, US$121.82, US$33.79, US$17.32 and US$7.5, million, respectively. The transport sector recorded no receipts during the review month.

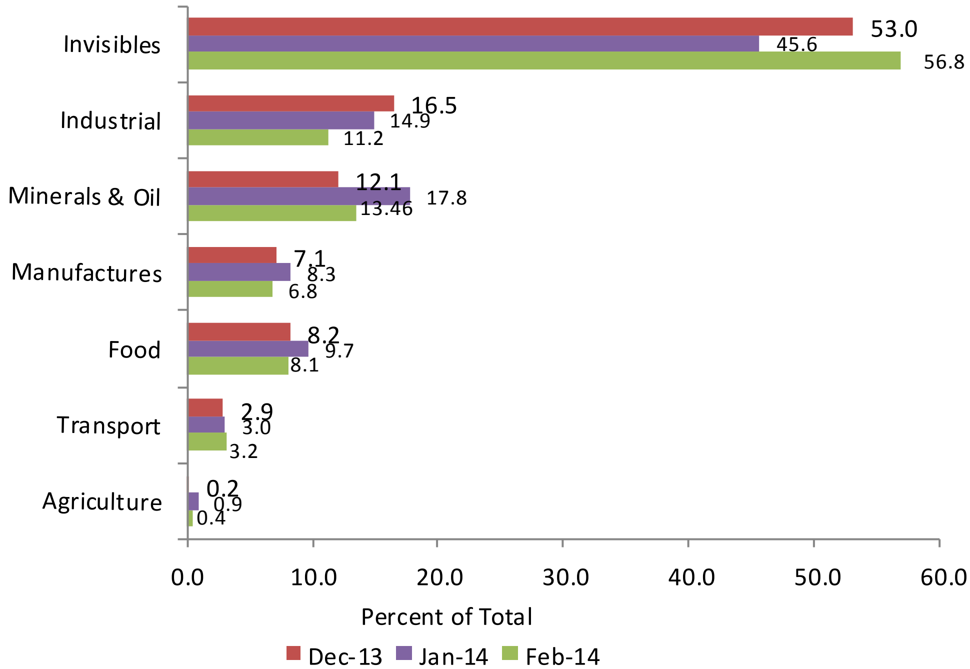
The shares of manufactured, industrial, agriculture, minerals and food products sub-sectors in non-oil export proceeds were 57.7, 28.6, 7.9, 4.1, and 1.7 per cent, respectively.

5.3 Sectoral Utilisation of Foreign Exchange

The invisible sector accounted for the bulk of the total foreign exchange disbursed in February 2014.

The invisible sector accounted for the bulk (56.8 per cent) of total foreign exchange disbursed in February 2014. Of the visible sector, minerals and oil sector accounted for 13.5 per cent. Other beneficiary sectors, in a descending order included: industrial sector (11.2 per cent), food products (8.1 per cent), manufactured product (6.8 per cent), transport (3.2 per cent) and agricultural products (0.4 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 retail Dutch Auction System (rDAS), Bureau-de-change (BDC) and rDAS-Forward contract was US$4.64 billion in February 2014. This indicated a decrease of 32.0 per cent below the level in the preceding month, but showed an increase of 217.3 per cent above the level in the corresponding month of 2013. A total of US$6.25 billion was sold by the CBN to authorized dealers during the period, reflecting an increase of 54.9 and 355.84 per cent above the levels in the preceding month and the corresponding period of 2013, respectively (Fig.16, Table 15)

Figure16: Demand for and Supply of Foreign Exchange

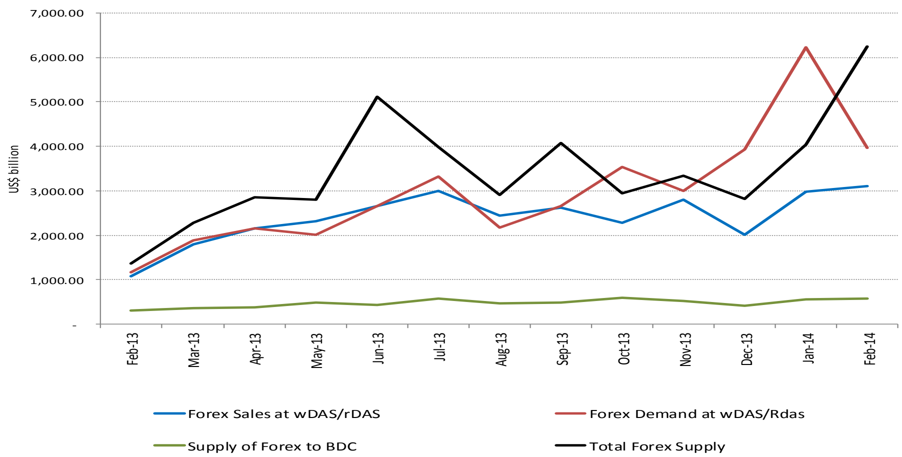


Table 15: Demand for and Supply of Foreign Exchange (US$ billion)

	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14
Forex Sales at wDAS/Rdas	1072.8	1801.5	2154.5	2318.7	2650.0	3000.0	2437.1	2625.2	2274.4	796.5	2007.8	2989.4	3101.9
Forex Demand at WDAS	1164.3	1911.3	2156.2	2019.2	2661.3	3325.6	2179.4	2660.1	3541.9	3006.3	3925.5	6236.7	3961.1
Supply of Forex to BDC	299.3	365.0	381.0	487.6	427.2	575.4	466.5	480.5	598.4	522.7	404.8	556.3	567.1
Total Forex Supply	1372.1	2276.5	2848.2	2806.3	5118.2	3988.6	2903.6	4084.3	2941.5	3335.6	2826.6	4038.7	6254.4

Under the rDAS, the average exchange rate of the naira vis-à-vis the US dollar, depreciated by 0.01 per cent to ₦157.31 per US dollar, compared with ₦157.29 and ₦157.30 in the preceding month and the corresponding period of 2013, respectively. At the BDC segment, the average exchange rate appreciated by 1.4 per cent above the level in the preceding month, but depreciated by 6.2 per cent to ₦169.28 per US dollar below the level in the corresponding period of 2013. The average exchange rate at the inter-bank segment depreciated by 2.0 and 3.7 per cent below the respective levels in the preceding month and the corresponding period of 2013 to ₦163.49 per US dollar.

On a month on month basis, the Naira exchange rate vis-à-vis the US dollar, on average, depreciated at both the rDAS and interbank segments of the market, while rates at the BDC segment appreciated.

Consequently, the premium between the rDAS and Bureau-de-change narrowed to 7.6 per cent from 9.2 per cent in the preceding month, while the premium between the inter-bank and rDAS widened to 3.9 per cent from 1.9 per cent in the preceding month.

Figure 17: Average Exchange Rate Movement

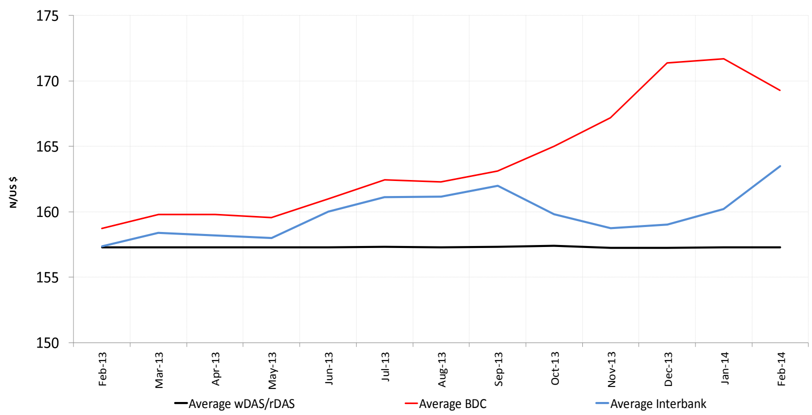
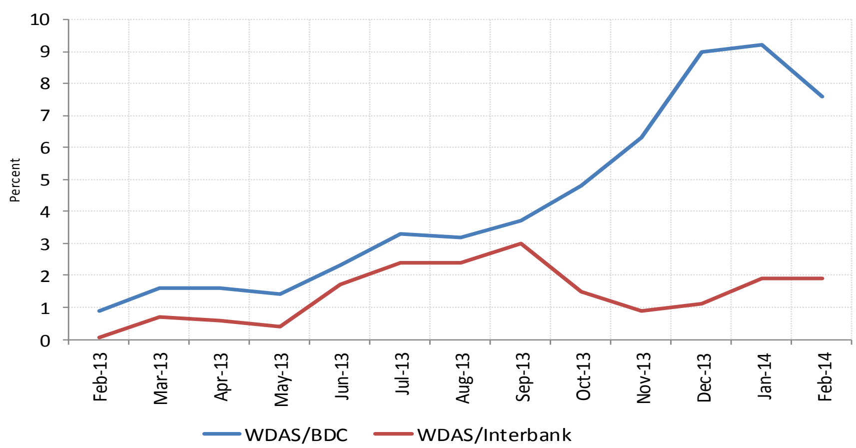


Table 16: Exchange Rate Movements and Exchange Rate Premium

	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14
Average Exchange Rate (₦/$)													
wDAS/rDAS	157.3	157.31	157.31	157.3	157.31	157.32	157.3	157.3	157.4	157.3	157.3	157.3	157.3
BDC	158.8	159.8	159.8	159.6	161.0	162.4	162.3	163.1	165.0	167.2	171.4	171.7	169.3
Interbank	157.4	158.4	158.2	158.0	160.0	161.1	161.2	162.0	159.8	158.7	159.1	160.2	163.5
Premium (%)													
WDAS/BDC	0.9	1.6	1.6	1.4	2.3	3.3	3.2	3.7	4.8	6.3	9.0	9.2	7.6
WDAS/Interbank	0.05	0.7	0.6	0.4	1.7	2.4	2.4	3	1.5	0.9	1.1	1.9	3.9

Figure18: Exchange Rate Premium



5.5 Gross External Reserves

The gross external reserves at the end of February 2014 stood at US$36.92 billion, indicating a decline of 9.2 and 21.9 per cent below the levels in the preceding month and the corresponding period of 2013, respectively. A breakdown of the reserves showed that the Federation Account portion (Excess Crude) was US$2.07 billion (5.6 per cent), Federal Government holding was US$2.73 billion (7.4 per cent) and CBN reserves stood at US$32.12 billion (87.0 per cent), (Fig. 19, Table 16).

Gross external reserves decreased in February 2014.

Figure 19: Gross External Reserves

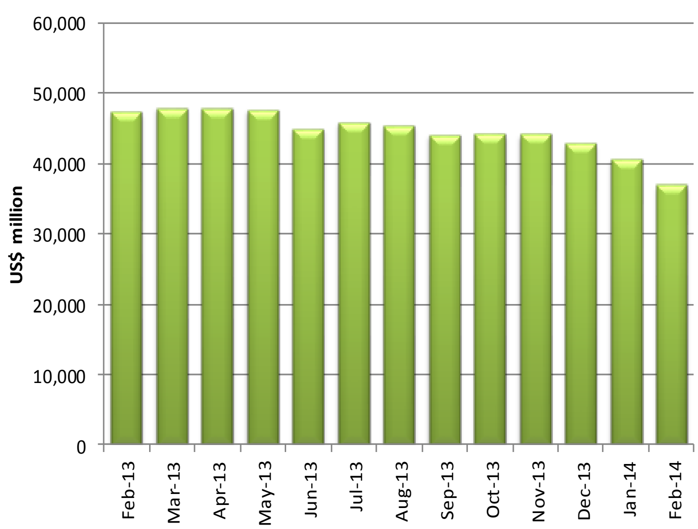


Table 17: Gross External Reserves (US$ million)

Period	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14
External Reserves	47,295.85	47,884.12	47,903.09	47,702.88	44,957.00	45,834.10	45,428.84	44,108.48	44,155.11	43,414.20	42,847.31	406.00	36,923.61

6.0 Other International Economic Developments and Meetings

World crude oil output in February 2014 was estimated at an average of 91.87 million barrels per day (mbd), while demand was estimated at 91.46 million barrels per day (mbd), compared with 91.25 and 90.43 mbd supplied and demanded, respectively, in the preceding month. The increase in world output was attributed to the increase in crude oil production in Saudi Arabia, Angola and Iran, while the severity of the winter season and the signs of recovery in the US economy accounted for the increase in demand.

Other major international economic developments and meetings of importance to the domestic economy during the review period included: the Meeting of G20 Finance Ministers and Central Bank Governors held in Sydney from February 22-23, 2014. The focus of the Meeting was on "Global Growth and Its Effects on G20 Countries". The main discourse at the meeting included: efforts at maintaining fiscal sustainability and financial sector stability, measures to improve the collective gross domestic product of the G20 countries by more than 2.0 per cent within five years as well as promote resilience in the financial system and greater certainty in the regulatory environment.

The first 2014 Ordinary Meeting of the Bureau of the Association of African Central Banks (AACB) was held in Dakar, Senegal at the Head Office of the Central Bank of West African States (BCEAO) on February 26, 2014. The Meeting reviewed the implementation status of the decisions made by the Assembly of Governors at its 37th Ordinary Meeting held in Mauritius in August 23, 2013. In addition, the implementation status of the African Monetary Cooperation Program (AMCP) was reviewed. The meeting adopted the following:

- The Reports of the Symposium and the 37th Ordinary Meeting of the AACB Assembly of

Governors held in Balaclava, Mauritius on August 23, 2013;

- The draft Terms of Reference for the Continental Seminar on the theme "The Imperatives for Improvement and Integration of Payment Systems in Africa" for the year 2014; and
- The Bureau further approved the 2014-2016 work plan, budget and the internal rules of the Community of African Banking Supervisors and authorized the implementation of the Work-Plan pending its adoption by the Assembly of Governors in August 2014.

Finally, the inaugural meeting of the Presidential Task Force on the ECOWAS Monetary Cooperation Programme was held in Niamey, Republic Of Niger, from February 20 - 21, 2014. The purpose of the meeting was to deliberate on the status of compliance by member countries' on the convergence criteria towards attaining a Single Currency Union in the sub-region. At the Meeting, Member countries expressed concerns about the constraints which inhibit their progress towards the creation of a Single Currency Union and also proffered solutions on the modalities for accelerating the process. The ECOWAS Commission presented four options as modalities for accelerating the monetary integration process stated as follows:

- The Big Bang Approach- which recommended that the common currency project should commence in 2020 even if the countries had not met the convergence criteria;

- The Gradualist Approach- posited that countries that meet the convergence criteria before 2020 should commence with the common currency project, while other countries could join the project as soon as they attain the primary convergence criteria;

- The Critical Mass Approach- proffered that the monetary Union would commence in December 2020 provided that countries that constitute 75 per cent of ECOWAS GDP have met the convergence criteria; and

- Proximity Approach- suggested that countries that were geographically close to an existing Monetary Zone or that had similar arrangements to a Monetary Zone may join it.

The Meeting concluded with member countries agreeing to continue to work towards the deadline of 2020 for the Monetary Union project.

APPENDIX TABLES

Table A1: Money and Credit Aggregates

	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Jan-14	Feb-14
Domestic Credit (Net)	13,187.6	13,087.8	13,627.6	14,092.8	15,040.7	15,107.8	15,107.8	15,169.8
Claims on Federal Government (Net)	(2,913.7)	(3,191.4)	(2,648.7)	(2,358.9)	(1,468.8)	(1,265.2)	(1,265.2)	(1,498.5)
Central Bank (Net)	(3,007.4)	(2,990.6)	(2,735.4)	(2,606.4)	(2,101.6)	(1,890.4)	(1,890.4)	(2,092.8)
Banks	53.2	(242.2)	(45.6)	214.3	597.0	581.5	581.5	544.2
Merchant Bank	40.5	41.4	41.1	33.2	36.6	44.4	44.4	50.8
Non Interest Banks	-	-	-	-	(756.7)	(756.7)	(756.7)	(756.7)
Claims on Private Sector	16,101.3	16,279.2	16,276.4	16,451.7	16,509.5	16,373.1	16,373.1	16,668.3
Central Bank	4,638.3	4,820.2	4,835.4	4,829.9	4,917.5	4,920.6	4,920.6	4,919.2
Banks	11,418.4	11,420.6	11,401.2	11,580.8	11,543.6	11,403.9	11,403.9	11,700.2
Merchant Bank	37.0	31.2	30.9	31.5	37.9	37.9	37.9	37.7
Non Interest Banks	7.6	7.3	8.9	9.5	10.4	10.7	10.7	11.3
Claims on Other Private Sector	15,376.4	15,574.3	15,568.9	15,720.5	15,706.8	15,555.8	15,555.8	15,893.7
Central Bank	4,638.2	4,820.2	4,835.4	4,829.9	4,893.9	4,894.6	4,894.6	489,319.0
Banks	10,694.2	10,716.3	10,694.2	10,851.0	10,767.0	10,615.1	10,615.1	10,952.6
Merchant Bank	36.3	30.5	30.5	30.0	36.5	36.4	36.4	37.7
Non Interest Banks	7.6	7.3	8.9	9.6	9.4	9.7	9.7	10.3
Claims on State and Local Governm	724.9	704.9	707.4	731.2	779.1	791.2	791.2	748.6
Central Bank	-	-	-	-	-	-	-	-
Banks	724.2	704.2	707.0	729.8	776.7	788.8	788.8	747.6
Merchant Bank	0.7	0.7	0.4	1.4	1.4	1.4	1.4	-
Non Interest Banks					1.0	1.0	1.0	1.0
Claims on Non-financial Public Ente	-	-	-	-	-	-	-	-
Central Bank	-	-	-	-	-	-	-	-
Banks	-	-	-	-	-	-	-	-
Foreign Assets (Net)	8,992.4	8,923.5	8,897.1	8,680.9	8,513.3	8,243.4	8,243.4	7,557.2
Central Bank	7,274.6	7,177.6	7,119.6	7,016.4	6,898.5	6,471.6	6,471.6	6,071.3
Banks	1,713.3	1,745.9	1,773.9	1,662.0	1,611.7	1,765.1	1,765.1	1,482.4
Merchant Bank	3.0	1.4	1.8	0.8	1.1	4.5	4.5	1.4
Non Interest Banks	1.4	1.4	1.8	1.7	1.9	2.2	2.2	2.2
Other Assets (Net)	(7,561.7)	(7,648.9)	(7,994.8)	(8,038.8)	(7,885.0)	(7,885.9)	(7,885.9)	(7,408.4)
Total Monetary Assets (M2)	14,619.3	14,362.5	14,529.9	14,734.9	15,669.0	15,465.4	15,465.4	15,318.6
Quasi-Money 1/	8,348.5	8,068.6	8,069.5	8,356.4	8,656.1	8,711.7	8,711.7	8,684.8
Money Supply (M1)	6,270.9	6,293.9	6,460.4	6,378.5	7,012.8	6,753.7	6,753.7	6,633.8
Currency Outside Banks	1,152.6	1,168.2	1,249.5	1,298.5	1,447.1	1,333.3	1,333.3	1,258.3
Demand Deposits 2/	5,118.3	5,125.7	5,210.9	5,079.9	5,565.8	5,420.4	5,420.4	5,375.5
Total Monetary Liabilities (M2)	14,619.3	14,362.5	14,529.9	14,734.9	15,669.0	15,465.4	15,465.4	15,318.6
Memorandum Items:								
Reserve Money (RM)	4,227.6	4,649.9	4,511.5	4,463.1	5,558.9	5,405.0	5,405.0	5,258.7
Currency in Circulation (CIC)	1,443.3	1,474.1	1,549.5	1,571.0	1,776.8	1,588.5	1,588.5	1,558.0
DMBs Demand Deposit with CBN	2,784.3	3,175.9	2,961.9	2,892.1	3,782.1	3,816.5	3,816.5	3,700.6

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)

	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14
	Growth Over Preceding December (%)							
Domestic Credit (Net)	8.8	8.9	3.1	7.3	11.0	18.5	0.5	0.9
Claims on Federal Government (Net)	19.5	-18.8	-30.1	-8.0	3.9	40.1	13.9	-2.0
Claims on Private Sector	4.3	6.3	7.4	7.4	8.6	9.0	-0.8	1.0
Claims on Other Private Sector								
Claims on State and Local Government	8.6	8.9	5.9	6.2	9.8	17.0	1.6	-4.1
Claims on Non-financial Public Enterprises								
Foreign Assets (Net)	-1.5	-0.6	-1.3	-1.6	-4.0	-5.9	3.2	-11.2
Other Assets (Net)	-26.5	-20.8	-22.2	-27.8	-28.5	-26.0	0.0	6.0
Total Monetary Assets (M2)	**-4.34**	**-5.58**	**-7.24**	**-6.16**	**-4.84**	**1.2**	**-1.3**	**0.33**
Quasi-Money 1/	2.8	3.5	0.1	0.1	3.6	7.4	0.6	0.3
Money Supply (M1)	-12.1	-15.5	-15.2	-12.9	-14.1	-5.5	-3.7	-5.4
Currency Outside Banks	-12.3	-11.4	-10.2	-4.0	-0.2	11.2	-7.9	-13.0
Demand Deposits 2/	12.1	-16.4	-16.2	-14.9	-17.0	-9.1	-2.6	-3.4
Total Monetary Liabilities (M2)	**-4.34**	**-5.58**	**-7.24**	**-6.16**	**-4.84**	**1.2**	**-1.3**	**2.24**
Memorandum Items:								
Reserve Money (RM)	4.6	14.1	25.5	21.8	20.5	50.1	-2.8	-5.4
Currency in Circulation (CIC)	-10.7	-11.5	-9.7	-5.0	-3.7	8.9	-10.6	-12.3
DMBs Demand Deposit with CBN	16.6	34.3	53.2	42.9	39.5	82.5	0.9	-2.2
	Growth Over Preceding Month (%)							
Domestic Credit (Net)	4.0	-4.6	-0.8	4.1	3.4	6.7	0.5	0.4
Claims on Federal Government (Net)	17.6	-47.4	-9.5	17.0	10.9	37.7	13.9	-18.4
Claims on Private Sector	0.7	1.9	1.1	-0.02	1.08	0.4	-0.8	1.8
Claims on Other Private Sector	0.3	2.0	1.3	-0.03	0.78	-0.1	-1.0	2.2
Claims on State and Local Government	9.4	0.2	-2.8	0.4	3.4	6.4	1.4	-5.5
Claims on Non-financial Public Enterprises								
Foreign Assets (Net)	-1.2	1.0	-0.8	-0.3	-2.4	-1.9	3.2	-8.3
Central Bank	-2.2	0.4	-1.4	-0.8	-1.5	1.7	6.2	-6.2
Banks	3.5	3.5	1.6	1.8	-6.4	3.0	9.7	-16.1
Other Assets (Net)	-17.8	4.5	-1.2	-4.5	-0.6	1.9	0.0	6.1
Total Monetary Assets (M2)	**-5.0**	**-1.3**	**-1.8**	**1.2**	**1.4**	**6.3**	**-1.3**	**-1.0**
Quasi-Money 1/	-4.2	0.7	-3.4	0.0	3.6	3.6	0.6	-0.3
Money Supply (M1)	-6.0	-3.9	0.4	2.7	-1.3	10.0	-3.7	-1.8
Currency Outside Banks	1.2	1.0	1.4	7.0	3.9	11.4	-7.9	-5.6
Demand Deposits 2/	-7.1	-4.9	0.1	1.7	-2.5	9.6	-2.6	0.8
Total Monetary Liabilities (M2)	**-5.0**	**-1.3**	**-1.8**	**1.2**	**1.4**	**6.3**	**-1.3**	**-1.0**
Memorandum I ems:								
Reserve Money (RM)	19.7	9.1	10.0	-3.0	-1.1	24.6	-2.8	-2.7
Currency in Circulation (CIC)	2.2	1.0	2.1	5.1	1.4	13.1	-10.6	-1.9
DMBs Demand Deposit with CBN	33.5	15.2	14.1	-6.7	-6.7	82.5	0.9	-0.8

Table A3: Federal Government Fiscal Operations (₦ billion)

	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14
Retained Revenue	**261.4**	**426.0**	**315.6**	**283.0**	**329.4**	**323.4**	**261.9**	**379.6**	**276.0**	**252.6**	**293.7**	**262.9**	**284.5**
Federation Account	216.5	209.9	232.5	246.7	235.8	294.0	227.5	248.3	236.2	213.8	252.2	221.2	235.0
VAT Pool Account	9.4	9.0	9.2	7.9	10.8	7.4	10.7	9.9	9.2	9.6	13.2	9.3	11.9
FGN Independent Revenue	7.1	39.2	10.0	12.1	5.1	5.7	7.4	105.1	14.2	12.9	11.9	16.1	21.3
Excess Crude	1.6	151.4	56.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others /SURE-P	16.3	16.3	16.3	16.3	16.3	16.3	16.3	16.3	16.4	16.3	16.3	16.3	16.3
Expenditure	**588.0**	**331.8**	**495.3**	**335.0**	**384.7**	**446.5**	**343.3**	**348.1**	**337.6**	**342.0**	**409.1**	**339.9**	**342.3**
Recurrent	480.0	200.6	305.6	261.0	214.5	315.2	244.4	240.9	265.2	249.1	280.9	254.5	252.5
Capital	91.3	107.1	139.0	55.8	86.8	93.9	78.8	86.5	46.3	70.6	111.3	61.6	66.6
Transfers	17.9	17.3	19.1	20.1	55.6	43.0	39.0	20.9	26.1	22.3	16.8	23.9	23.1
Overall Balance: Surplus(+)/Deficit(-)	**-326.6**	**94.2**	**-179.7**	**-52.0**	**-55.3**	**-123.2**	**-81.5**	**31.5**	**-61.7**	**-89.5**	**-115.4**	**-77.0**	**-57.8**