



CENTRAL BANK OF NIGERIA

***ECONOMIC REPORT
OCTOBER 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

vProvisional data indicated that growth in the key monetary aggregate contracted in October 2014. On month-on-month basis, broad money (M_2) fell by 1.5 per cent, in contrast to the growth of 2.7 per cent in the preceding month. The development reflected the 9.1 per cent fall in foreign asset net of the banking system, which more than offset the effects of the 0.9 and 4.1 per cent growth in domestic credit (net) and other assets (net) of the banking system, respectively. Similarly, narrow money supply (M_1) declined by 1.5 per cent below the level at the end of the preceding month due to the 4.6 and 0.7 per cent fall in its currency and demand deposit components, respectively. Over the level at end-December 2013, however, M_2 grew by 4.2 per cent. Reserve money (RM) rose by 4.0 per cent at the end of the review month and was below the quarterly benchmark.

Available data indicated mixed developments in banks deposit and lending rates during the review month. The 7-day and 12-month deposit rate fell from 4.54 and 9.31 per cent to 4.43 and 9.23 per cent, respectively, while the average savings deposit rate remained at 3.43 per cent same as in the preceding month. However, all other deposit rates of various maturities rose from a range of 8.41 – 9.72 per cent in the preceding month to a range of 8.52 – 9.88 per cent. The spread between the weighted average term deposit and maximum lending rates narrowed by 0.04 percentage point to 17.27 percentage points. Similarly, the margin between the average savings deposit and maximum lending rates narrowed by 0.02 percentage point to 21.32 percentage points at the end of the review month. The weighted average inter-bank call rate, which stood at 10.73 per cent in the preceding month, increased to 10.98 per cent in October 2014, reflecting the liquidity condition in the market.

Provisional data indicated that the total value of money market assets outstanding in October 2014 stood at ₦7, 535.9 billion, showing an increase of 2.2 per cent over the level in the preceding month. The development reflected the 1.8 and 2.7 per cent increase in outstanding FGN Bonds and Nigerian Treasury Bills, respectively. Developments in the Nigerian Stock Exchange (NSE) were bearish during the review month.

Gross federally-collected revenue in October 2014 was estimated at ₦743.57 billion, showing a decline of 10.6 per cent below the receipts in the preceding month. At ₦470.04 billion, gross oil receipts declined below the level in the preceding month. The decline in oil receipts relative to the preceding month was attributed, mainly, to the fall in receipts from domestic crude oil and gas sales, petroleum profit tax and royalties.

Non-oil receipts, at ₦273.54 billion (36.8 per cent of the federally collected revenue), was 3.9 per cent lower than receipts in the preceding month. The decline in non-oil receipts (gross) relative to the level in the preceding month, reflected, largely, the fall in receipts from corporate tax. Federal Government estimated retained revenue in October 2014 was ₦278.79 billion, while total estimated expenditure was ₦320.73 billion. Thus, the fiscal operations of the Federal Government resulted in an estimated deficit of ₦41.94 billion, compared with the monthly budget deficit of ₦80.35 billion.

During the review period, agricultural activities were dominated by harvesting of yams, cassava, cereals and legumes. In the livestock sub-sector, farmers engaged in restocking in anticipation of increased sales during the end of year festivities. Crude oil export was estimated at 1.55 million barrels per day (mbd) or 48.05 million barrels during the month. The average price of Nigeria's reference crude, the Bonny Light (37° API), was estimated at US\$88.78 per barrel, indicating a decline of 9.9 per cent below the level in the preceding month.

The headline inflation rate (year-on-year) in October 2014, was 8.1 per cent, 0.2 percentage point below its level in the preceding month. Inflation rate on a twelve-month moving average basis stood at 8.0 per cent same as in the preceding five months.

Provisional data indicated that foreign exchange inflow and outflow through the CBN in October 2014 was US\$3.23 billion and US\$5.30 billion, respectively, and resulted in a net outflow of US\$2.07 billion. Foreign exchange sales by the CBN to the authorized dealers amounted to US\$4.91 billion, showing an increase of 38.1 per cent over the level in the preceding month.

At the rDAS segment of the foreign exchange market, the average naira exchange rate vis-à-vis the US dollar was ₦157.31/US\$ in October, compared with ₦157.30/US\$ in the

preceding month. The average naira exchange rate vis-à-vis the US dollar depreciated at both the BDC and interbank segments. Non-oil export receipts rose by 4.2 per cent above the level in the preceding month. The development was attributed, largely, to the rise in export earnings from industrial and manufacturing sectors.

World crude oil output in October 2014 was estimated at 92.50 million barrels per day (mbd), while demand was estimated at 92.11 million barrels per day (mbd) (representing an excess supply of 0.39 mbd), compared with 92.33 and 91.19 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 2014 Annual Meetings of the Board of Governors of the World Bank Group and the International Monetary Fund (IMF) held in Washington D.C., USA from October 6 – 13, 201 and other Meetings, Seminars and Events held on the fringes of the Annual Meetings.

Also, a high level strategy meeting was held on Thursday, October 9 2014 in Washington D.C., USA between the AfDB and the IMF Managing Director Christine Lagarde, UN Secretary General Ban Ki-moon and World Bank President Jim Yong Kim on efforts at combating the Ebola scourge.

2.0 *Financial Sector Developments*

2.1 Monetary and Credit Developments

On month-on-month basis, growth in the key monetary aggregate contracted at the end of October 2014. Available data indicated mixed developments in banks' deposit and lending rates during the review month. The value of money market assets outstanding increased, owing, largely, to the rise in FGN Bonds and Nigerian Treasury bills at the end of the review month. Activities on the Nigerian Stock Exchange (NSE) were bearish.

Provisional data indicated that growth in the major monetary aggregate contracted at the end of October 2014. Broad money supply (M_2), at ₦16,323.0 billion, fell by 1.5 per cent, on month-on-month basis, in contrast to the growth of 2.7 per cent at the end of the preceding month. The development, relative to the preceding month, reflected the 9.1 per cent decline in foreign asset net of the banking system, which more than offset the effects of the 4.1 and 0.9 per cent increase in other asset (net) and net domestic credit, respectively. Relative to its level at end-December 2013, broad money supply (M_2), however, grew by 4.2 per cent due to the 11.2 and 9.1 per cent increase in other assets (net) and domestic credit (net) of the banking system, respectively.

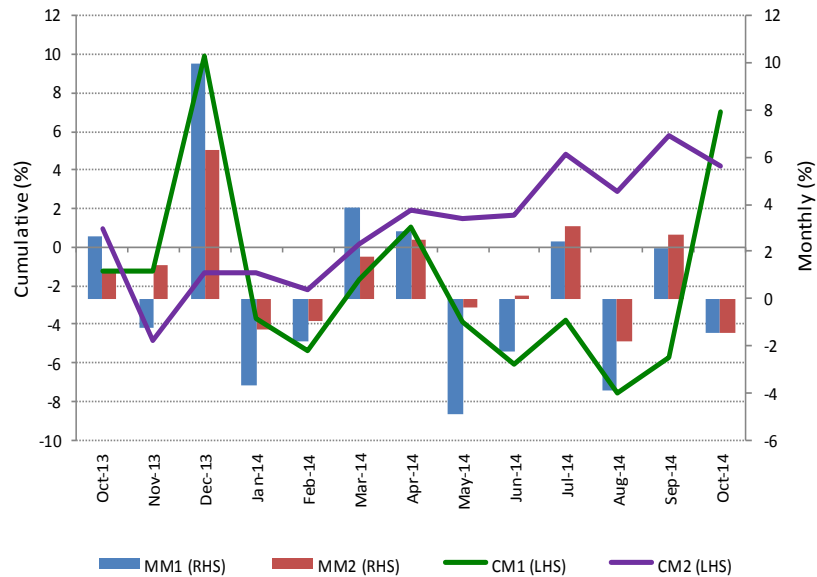
Growth in the key monetary aggregate contracted on month-on-month basis at end-October 2014.

On month-on-month basis, narrow money supply (M_1), at ₦6,519.1 billion, declined by 1.5 per cent, in contrast to the growth of 2.1 per cent at the end of the preceding month. The development reflected the 4.6 and 0.7 per cent fall in its currency and demand deposit components, respectively. Relative to the level at end-December 2013, narrow money (M_1) declined by 7.0 per cent due to, 18.1 and 4.2 per cent contraction in both its currency and demand deposit components, respectively (Fig. 1).

Quasi-money declined by 1.5 per cent to ₦9,803.9 billion, in contrast to the growth of 3.2 per cent at the end of the preceding month. The development

reflected, largely, the fall in time and savings deposits with commercial and merchant banks. Over end-December 2013, quasi money grew by 13.3 per cent.

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



At ₦16,408.5 billion, aggregate banking system credit (net) to the domestic economy grew by 0.9 per cent, on month-on-month basis, at end-October 2014, compared with the growth of 2.7 per cent at the end of the preceding month. The development relative to the preceding month reflected the growth of 0.9 and 0.7 per cent in net claims on the Federal Government and claims on the private sector. Over the level at end-December 2013, net domestic credit grew by 9.1 per cent.

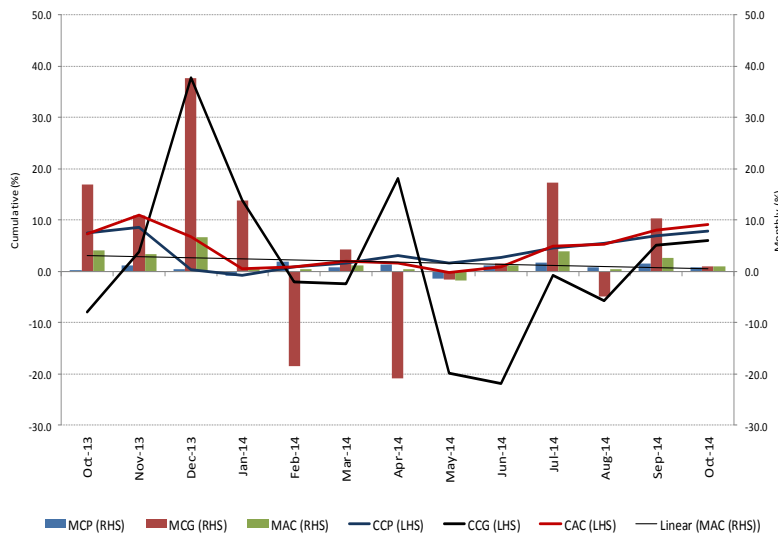
Banking system's credit (net) to the Federal Government, on month-on-month basis, rose by 0.9 per cent to negative ₦1,380.3 billion at end-October 2014, compared with the growth of 10.4 per cent at the end of the preceding month. The development relative to the preceding month was attributed to the increase in

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

banking system's holdings of government securities. Over the level at end-December 2013, claims on the Federal Government (net) rose by 6.0 per cent. However, the Federal Government, as in the preceding month, remained a net lender to the banking system at the end of the review month.

Banking system credit to the private sector, on month-on-month basis, grew marginally by 0.7 per cent to ₦17,788.8 billion, compared with the growth of 1.5 per cent at the end of the preceding month. The development was attributed to the 5.2 and 0.5 per cent increase in claims on the state and local governments and core private sector, respectively. Over the level at end-December 2013, banking system's credit to the private sector grew by 7.7 per cent (Fig. 2, Table 1).

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



² MCP, MCG and MAC represent month-on-month changes in credit to private sector, credit to government (net) and aggregate credit (net) to the domestic economy, respectively, while CCP, CCG and CAC, represent the cumulative changes (year-to-date).

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

At ₦6,917.6 billion, foreign assets (net) of the banking system declined by 9.1 per cent at end-October 2014, compared with the decline of 0.5 and 0.3 per cent at the end of the preceding month and the corresponding month of 2013, respectively. The development relative to the preceding month was attributed to the decline of 17.6 and 7.3 per cent in foreign asset holdings of commercial banks and the CBN, respectively. Over the level at end-December 2013, NFA declined by 18.7 per cent. The decline was attributed to the fall of 32.5 and 15.4 per cent in the foreign asset holdings of both the commercial banks and the CBN, respectively.

Other assets (net) of the banking system, on a month-on-month basis, rose by 4.1 per cent to negative ₦7,003.1 billion, compared with the growth of 0.7 and 4.5 per cent at the end of the preceding month and corresponding month of 2013, respectively. Over the level at end-December 2013, other assets (net) of the banking system grew by 11.2 per cent.

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

	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
Domestic Credit (Net)	4.1	3.4	6.7	0.5	0.4	1.2	-0.4	-1.8	1.1	3.9	0.4	2.7	0.9
<i>Claims on Federal Government (Net)</i>	17.0	10.9	37.7	13.9	-18.4	4.3	-20.9	-1.6	1.6	17.2	-4.9	10.4	1.0
<i>Claims on Private Sector</i>	0.0	1.1	0.4	-0.8	1.8	0.7	1.4	-1.5	1.2	1.7	0.8	1.5	0.7
<i>Claims on Other Private Sector</i>	0.0	0.8	-0.1	-1.2	2.2	0.7	1.5	-1.6	1.4	1.7	0.9	1.7	0.6
Foreign Assets (Net)	-0.3	-2.4	-1.9	3.2	-8.3	0.7	1.4	-0.3	0.0	4.4	-4.8	-0.5	-9.1
Other Assets (Net)	-4.5	-0.6	1.9	0.0	6.1	2.0	3.3	3.3	-2.1	-6.3	0.3	0.7	4.1
Broad Money Supply (M2)	1.2	1.4	6.3	-1.3	-1.0	2.5	1.7	-0.4	0.1	3.1	-1.8	2.7	-1.5
Quasi-Money	0.0	3.6	3.6	0.6	-0.3	1.4	0.9	3.1	1.9	3.6	-0.3	3.2	-1.5
Narrow Money Supply (M1)	2.7	-1.3	10.0	3.7	-1.8	3.9	2.8	-4.9	-2.3	2.4	-3.9	2.1	-1.5
Reserve Money (RM)	3.0	3.0	24.6	-2.8	-2.7	-4.2	5.2	-3.7	-7.4	0.9	-0.8	3.2	4.0

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

At ₦1,534.0 billion, currency-in-circulation declined by 0.9 per cent, on month-on-month basis, in contrast to the growth of 3.1 per cent recorded at the end of the preceding month. The development, relative to the preceding month reflected, largely, the 4.6 per cent fall

in its currency outside bank component.

Total deposits at the CBN at the end of the review month amounted to ₦6,961.9 billion, indicating an increase of 4.2 per cent above the level at the end of the preceding month. The development reflected, largely, the 13.9 and 6.3 per cent rise in deposits of "Others" and banks, respectively. Of the total deposits, the percentage shares of the banks, Federal Government and "others" were 50.9, 44.2 and 4.9 per cent, respectively.

Reserve money (RM) rose by 4.0 per cent to ₦5,076.8 billion at the end of the review month, reflecting the trends in bank deposits.

Reserve money (RM) increased during the review period.

2.3 Money Market Developments

Available data indicated that the money market rates were relatively stable during the review period. The banking system was awash with liquidity surfeit, occasioned by maturing Central Bank of Nigeria (CBN) bills, Cash Reserve Requirement (CRR) credit posting for the maintenance period, Joint Venture Cash (JVC) call and fiscal injections through statutory revenue released to the three tiers of government. CBN bills of diverse tenors were floated at the Open Market Operations (OMO) segment to mop up the liquidity surfeit in the system. In the review month, Standing Deposit Facility (SDF) was more predominant as there was liquidity surfeit in the banking system. There was no request for repurchase transactions, same as in the previous month.

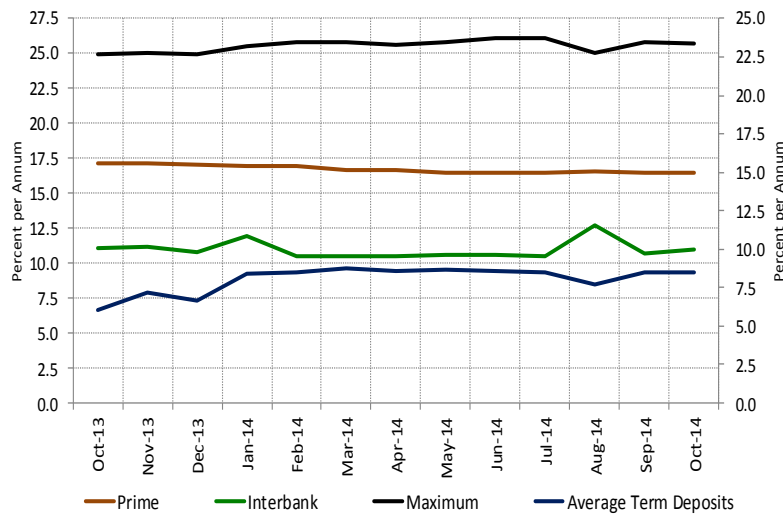
Provisional data indicated that the total value of money market assets outstanding in October 2014 stood at ₦7,535.9 billion, showing an increase of 2.2 per cent over the level in the preceding month. The development reflected the 1.8 and 2.7 per cent increase in outstanding FGN bonds and Nigerian Treasury bills, respectively.

Banks' Deposit and Lending rates exhibited a mixed trend in October 2014.

2.3.1 Interest Rate Developments

Available data indicated mixed developments in banks deposit and lending rates during the review month. The 7 day and 12 months deposit rates fell from 4.54 and 9.31 per cent to 4.43 and 9.23 per cent, respectively, while the average savings deposit rate remained at 3.43 per cent, same rate as in the preceding month. However, all other deposit rates of various maturities rose from a range of 8.41 – 9.72 per cent in the preceding month to a range of 8.52 – 9.88 per cent. At 8.48 per cent, the average term deposit rate rose by 0.02 percentage point above the level in the preceding month. The average prime lending rate rose by 0.04 percentage point to 16.48 per cent during the review month. However, the average maximum lending rate, at 25.75 per cent, declined by 0.02 percentage point below its level in the preceding month. Consequently, the spread between the weighted average term deposit and maximum lending rates narrowed by 0.04 to 17.27 percentage points. Similarly, the margin between the average savings deposit and maximum lending rates narrowed by 0.02 to 22.32 percentage points at the end of the review month.

At the inter-bank call segment, the weighted average rate, which stood at 10.73 per cent in the preceding month, increased to 10.98 per cent in October 2014. The weighted average rate at the open-buy-back (OBB) segment rose by 1.18 percentage point to 10.51 per cent in the review month. The Nigeria inter-bank offered rate (NIBOR) for the 30-day tenor rose to 12.64 per cent above 12.40 per cent in the preceding month. With the headline inflation rate at 8.1 per cent at end-October 2014, most rates were positive in real terms with the exception of the average savings and the 7-day deposit rates (Fig. 3, Table 2).

Figure 3: Selected DMBs Interest Rates (Average)**Table 2: Selected Interest Rates (Percent, Averages)**

	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
Average Term Deposits	6.01	7.21	6.69	8.43	8.49	8.73	8.69	8.66	8.57	8.47	7.68	8.46	8.48
Prime Lending	17.1	17.17	17.01	16.95	16.93	16.69	16.7	16.5	16.5	16.44	16.6	16.44	16.48
Interbank	11.08	11.23	10.75	11.98	10.5	10.5	10.5	10.63	10.63	10.5	12.72	10.73	10.98
Maximum Lending	24.9	25	24.9	25.52	25.83	25.8	25.63	25.76	26.07	26.07	25.07	25.77	25.75

2.3.2 Commercial Paper (CP)

Commercial Paper (CP) outstanding held by banks rose by 0.9 per cent to ₦10.8 billion at end - October 2014, compared with the value of ₦10.7 billion at the end of the preceding month. This development was due to the increase in investment in CP by the commercial banks during the month under review. Thus, CP constituted 0.1 per cent of the total value of money market assets outstanding, during the review period, compared with 0.2 per cent at the end of the preceding month.

2.3.3 Bankers' Acceptance (BA)

During the review period, BAs increased by 3.9 per cent to ₦30.5 billion, compared with ₦29.4 billion at the end of the preceding month. The development was attributed to the rise in investment in BAs by the DMBs during the month. Consequently, BAs accounted for

0.41 per cent of the total value of money market assets outstanding, at end-October 2014, compared with 0.40 per cent at the end of the preceding month.

2.3.4 Open Market Operations

Direct OMO auctions were conducted using CBN bills of 97 –170 days maturities. Total amount offered at the eleven (11) OMO auctions was ₦530.00 billion, while total subscription and allotment stood at ₦896.21 billion and ₦585.84 billion, respectively. The bid rates range from 10.50 -14.00 per cent while the stop rate range from 10.80- 11.00 per cent. CBN Bills valued ₦1,003.27 billion matured and were repaid during the period, resulting in a net injection of ₦417.43 billion.

2.3.5 Primary Market

Nigerian Treasury Bills of 91-, 182- and 364-day tenors were auctioned at the primary market in October 2014. NTBs, amounting to ₦228.11 billion, were offered, while the total public subscription stood at ₦286.02 billion at bid rates ranging from 8.00-12.72 per cent. The sum of ₦303.11 billion (including ₦75.00 billion for AMCON Bonds that was redeemed on October 31, 2014) was allotted at 9.80 – 11.25 per cent.

The bid rates ranged from 8.00-12.72 per cent while the stop rate ranged from 9.8 – 11.25 per cent. The bid-to-cover ratios for the various tenors were 1.10, 0.85 and 2.06 for the 91-, 182- and 364-day tenors, respectively. All the tenors except the 364-day, were below the threshold of 2.0 bid cover ratios, indicating weak investors' preference for government securities during the review period.

Sale to non-competitive bidders was ₦66.45 billion, ₦85.72 billion and ₦101.97 billion for 91-, 182-, and 364-day tenors, respectively. Moreover, NTBs of similar tenors totaling ₦228.11 billion matured during the period and was repaid. In the preceding month, NTBs of 91-, 182- and 364-day tenors, totaling ₦380.80 billion were offered and allotted. Public subscription stood at ₦587.86 billion. The bid rates ranged from 9.58-10.35 per

cent, while the stop rate ranged from 9.00- 14.00 per cent.

2.3.6 Bonds Market

Three tranches of FGN Bonds, 13.05% FGN AUG 2016 (3-year), 14.20% FGN MAR 2024 (10-year) and 12.15% FGN JUL 2034 (20- Year) were reopened during the review period. Total amount on offer was ₦15.00 billion, ₦50.00 billion and ₦35.00 billion for the 3-, 10- and 20-year bonds, respectively.

Three FGN Bonds were reopened during the review month.

Public subscription was ₦29.40 billion, ₦97.15 billion and ₦47.46 billion for the 3-, 10- and 20-year bonds, respectively. The total allotment was ₦111.20 billion, including the additional ₦11.20 billion of the 14.20% FGN MAR 2024 to non-competitive bidders. The marginal rates were 11.12, 12.22 and 12.38 per cent for the 3-, 10-and 20-yr tenors, respectively, while the bid rates ranged from 10.00 – 14.02 per cent.

2.3.7 CBN Standing Facilities

Total request for SLF transactions in October 2014 was ₦23.86 billion, compared with ₦130.69 billion in September 2014. The decline reflected the liquidity condition in the market during the review period. The average daily request stood at ₦4.77 billion compared with the ₦7.69 billion recorded in September 2014. The interest received during the period was ₦9.15 million, compared with ₦67.53 million in September 2014.

Daily aggregate request for SDF in October 2014 ranged from ₦115.59 billion to ₦524.78 billion. The total deposits stood at ₦5,754.47 billion compared with ₦6,745.55 billion in the preceding month. This culminated in a daily average of ₦338.49 billion for the 17 business days in the period. Total interest paid during the review period amounted to ₦2.40 billion, compared with ₦2.60 billion interests paid in September 2014.

2.4 Deposit Money Banks' Activities

Available data indicated that total assets and liabilities of the banks amounted to ₦26,335.57 billion, showing a 1.5 per cent increase above the level at the end of the preceding month. Funds were sourced, mainly, from increased mobilisation of central government deposit, increase in unclassified and foreign liabilities, and reduction in foreign assets. The funds were used, largely, to increase claims on central government, claims on central bank and reduce time, savings and foreign currency deposits, and demand deposits.

DMBs' Credit to the domestic economy fell by 0.7 per cent during the month.

At ₦13,874.56 billion, banks' credit to the domestic economy fell marginally by 0.7 per cent, compared with the level at the end of the preceding month. The development was attributed to the 3.9 and 0.5 per cent decline in credit to the Federal Government and credit to the private sector, during the review month.

Total specified liquid assets of the banks stood at ₦6,413.02 billion, representing 37.0 per cent of their current liabilities. At that level, the liquidity ratio declined by 0.8 percentage point below the level in the preceding month, and was 7 percentage points above the stipulated minimum ratio of 30.0 per cent. The loans-to-deposit ratio, at 62.8 per cent, was 2.9 percentage points above the level at the end of the preceding month, but was 17.2 percentage points below the prescribed maximum ratio of 80.0 per cent.

2.5 Discount Houses' Activities

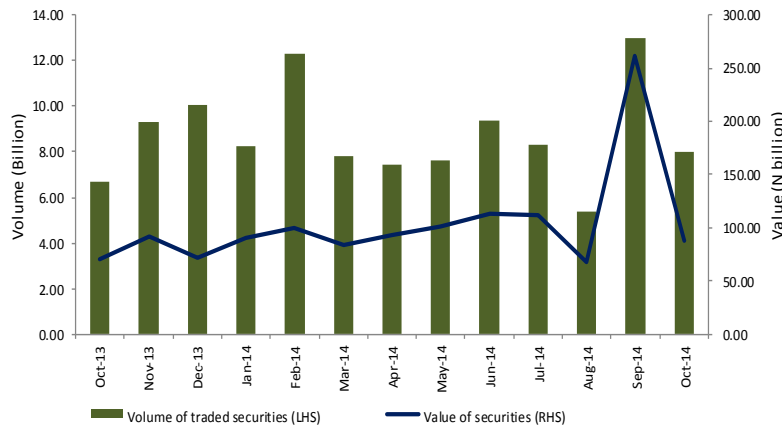
Provisional data indicated that total assets and liabilities of the discount houses stood at ₦187.0 billion at end-October 2014, showing an increase of 20.4 per cent above the level at end-September 2014. The development was accounted for, largely, by the 43.5 and 24.9 per cent rise in claims on banks and claims on the Federal Government, respectively. Correspondingly, the increase in total liabilities was attributed, largely, to the 66.4 and 29.5 per cent rise in borrowings and money-at-call, respectively.

Discount houses' investment in Federal Government securities of less than 91-day maturity rose to ₦69.0 billion and accounted for 45.7 per cent of their total liabilities. At that level, discount houses' investment in NTBs rose by 31.1 per cent above the level at the end of the preceding month. Thus, investment in Federal Government securities was 14.3 percentage points below the prescribed minimum level of 60.0 per cent. Total borrowing and amount owed by the discount houses was ₦58.4 billion, while their capital and reserves amounted to ₦28.6 billion. This resulted in a gearing ratio of 2:1, compared with the stipulated maximum target of 50:1 for fiscal 2014.

2.6 Capital Market Developments

2.6.1 Secondary Market

Available data indicated that developments on the Nigerian Stock Exchange (NSE) were bearish. The volume and value traded securities decreased by 38.7 and 66.5 per cent to 7.98 billion shares and ₦87.6 billion, respectively, in 94,903 deals, in contrast to 13.0 billion shares and ₦261.4 billion, respectively, in 103,079 deals, recorded in the preceding month. The Financial Sector (measured by volume) led the activity chart with 4.8 billion shares valued at ₦42.66 billion traded in 47,419 deals and accounted for 60.0 per cent and 49.0 per cent of the total equity turnover volume and value, respectively, compared with 10.9 billion shares valued at ₦121.9 billion traded in 51,828 deals recorded in the preceding month. The Banking sub-sector of the Financial Services sector (measured by turnover volume) was the most active during the month. (Fig. 4, Table 3).

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

	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
Volume (Billion)	6.7	9.3	10.0	8.2	12.3	7.8	7.4	7.6	9.4	8.3	5.4	13.0	8.0
Value (N Billion)	70.6	92.3	71.1	91.0	99.4	83.6	92.6	100.9	112.8	112.0	67.8	261.4	87.6

2.6.2 Over-the-Counter (OTC) Bonds Market

There were no transactions on the over-the-counter (OTC) bonds market during the review month.

2.6.3 New Issues Market

There was one new listing on the Exchange during the review month.

Table 4: New and Supplementary Listings on the Nigerian Stock Exchange for October 2014

S/N	Company	Additional Shares (Units)	Reasons	Listing
1	Unity Bank Plc	78,446,689,710.0	New Issues	new

2.6.4 Market Capitalization

The aggregate market capitalization decreased by 5.8 per cent to ₦17.8 trillion during the review period, from ₦18.9 trillion at end-September 2014. Similarly, market capitalization for the equity segment declined by 5.1 per cent to ₦12.9 trillion, and constituted 72.5 per cent of the total, compared with ₦13.6 trillion and 71.9 per cent at the end of the preceding month.

2.6.5 NSE All-Share Index

The All-Share Index, which opened at 41,210.1 at the beginning of the month, closed at 39,087, representing a decrease of 5.2 per cent below the level in the preceding month. With the exception of the NSE-AseM which rose by 0.01%, above its level in the preceding month to 951.14, all other sectoral indices declined in the review period. The NSE Banking, NSE-Consumer Goods, NSE Oil/Gas, NSE-Lotus Islamic Index, NSE-Insurance and NSE industrial Goods indices fell by 12.1, 10.8, 9.6, 9.7, 0.8, and 6.8 per cent below their respective levels at the end of the preceding month, to 373.92, 920.53, 416.79, 2462.46, 147.96 and 2550.21 at end-October 2014.

Figure 5: Aggregate Market Capitalization and All-Share Index

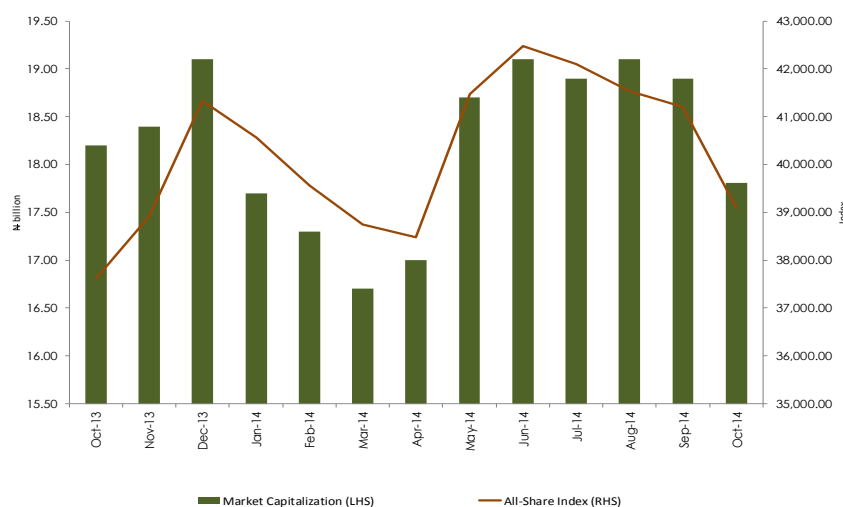


Table 5: Aggregate Market Capitalization and All Share Index (NSE)

	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
Aggregate Market Capitalization (trillion)	16.7	17.0	18.7	19.0	18.9	19.1	18.9	17.81
All-Share Index	38,748.01	38,485.48	41,474.40	42,482.48	42,097.46	41,532.00	41,210.10	39,087.00

3.0 Fiscal Operations

3.1 Federation Account Operations

Available data showed that estimated federally-collected revenue in October 2014, at ₦743.57 billion, was lower than both the monthly budget estimate and the receipts in the preceding month by 18.0 and 10.6 per cent, respectively. The decline in estimated federally-collected revenue (gross) relative to the monthly budget estimate was largely attributable to the shortfall in receipts from oil revenue during the review month (Fig. 6, Table 6).

Gross federally-collected revenue declined below the 2014 monthly budget estimate and receipts in the review month.

Figure 6: Components of Gross Federally-Collected Revenue

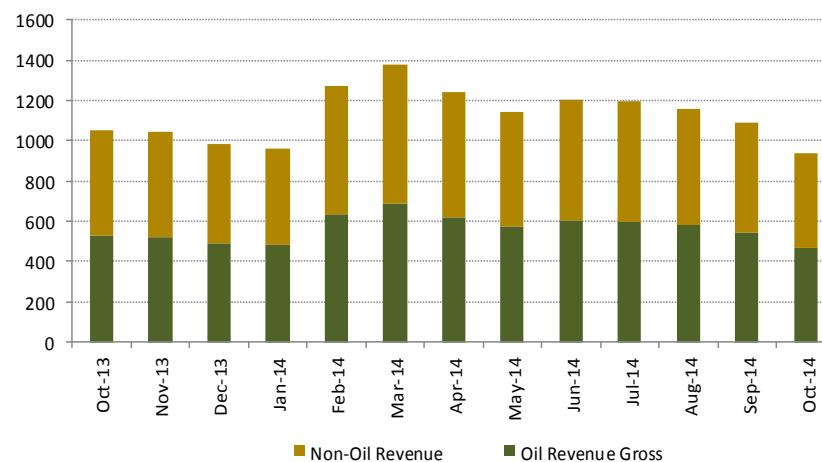


Table 6: Gross Federation Account Revenue (₦ billion)

	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
Federally-collected revenue (Gross)	727.4	746.5	730.6	681.8	845.9	968.0	802.2	776.5	1034.6	993.6	859.6	831.8	743.6
Oil Revenue	526.4	521.3	490.8	482.0	637.8	689.1	622.9	570.2	602.5	597.1	578.8	547.2	470.0
Non-Oil Revenue	201.1	225.3	239.8	199.8	208.2	278.9	179.3	206.4	432.1	396.5	280.8	284.6	273.5

At ₦470.04 billion, gross oil receipts, which constituted 63.2 per cent of the total revenue, was lower than both the monthly budget estimate and the preceding month by 21.3 and 14.1 per cent, respectively. The decline in oil receipts relative to the monthly budget

estimate was attributable to fall in receipts from crude oil and gas exports due to the fall in the price of crude oil in the international market (Fig. 7, Table 7).

Figure 7: Gross Oil Revenue and Its Components

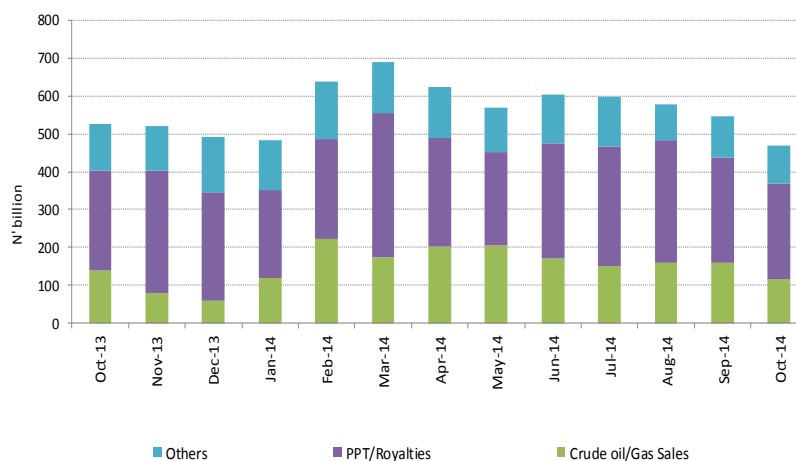


Table 7: Components of Gross Oil Revenue (N billion)

	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
Oil Revenue	526.4	521.3	490.8	482.0	637.8	689.1	622.9	570.2	602.5	597.1	578.8	547.2	470.0
Crude oil/Gas Sales	139.0	78.2	58.7	119.5	224.0	173.1	202.0	204.7	170.7	150.3	160.3	160.4	117.8
Domestic crude oil/Gas sales	124.0	114.7	145.3	123.0	128.2	127.3	125.3	118.2	126.3	129.6	95.3	93.6	99.6
PPT/Royalties	263.1	325.9	286.4	231.7	262.2	380.5	286.8	246.9	305.2	317.0	321.9	277.4	251.9
Others	0.2	2.5	0.4	7.8	23.3	8.1	8.8	0.3	0.3	0.3	1.3	15.7	0.8

The non-oil receipt (gross) fell below both the monthly budget estimate and receipts in the preceding month.

At ₦273.54 billion, gross non-oil receipts, constituted 36.8 per cent of the total revenue and was lower than the monthly budget estimate and receipts in the preceding month by 11.5 and 3.9 per cent, respectively. The decrease in non-oil revenue relative to the monthly budget estimate reflected largely, the fall in receipt from corporate tax and customs/excise duties (Fig. 8, Table 8).

Figure 8: Gross Non-Oil Revenue and its Components

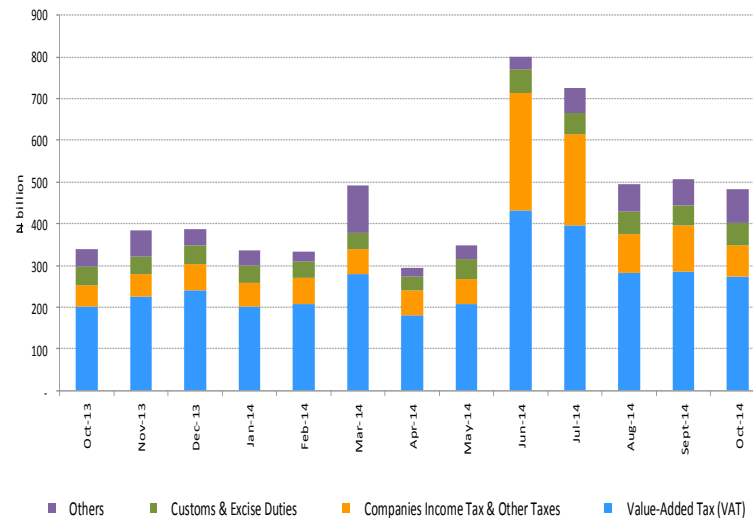


Table 8: Components of Gross Non-Oil Revenue (₦ billion)

	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
Non-Oil Revenue	201.1	225.3	239.8	199.8	208.2	278.9	179.3	206.4	432.1	396.5	280.8	284.6	273.5
Value-Added Tax (VAT)	63.9	66.3	91.7	64.7	82.3	66.8	63.3	65.4	65.4	66.4	65.5	61.5	65.1
Companies Income Tax & Other Taxes	52.0	52.4	64.6	57.7	61.6	58.8	59.8	62.1	282.3	216.5	95.1	111.0	75.5
Customs & Excise Duties	42.5	44.1	42.3	43.1	39.7	38.8	34.6	47.2	54.5	51.1	51.8	48.7	51.9
Others	42.6	62.4	41.1	34.3	24.6	114.5	21.6	31.7	29.9	62.5	68.5	63.4	81.0

Of the gross federally-collected revenue, the sum of ₦457.12 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 ₦217.77 billion, while the state and local governments received ₦110.46 billion and ₦85.16 billion, respectively. The balance of ₦43.73 billion was distributed to the oil-producing states as 13.0% Derivation Fund.

From the VAT Pool Account, the Federal Government received ₦9.37 billion, while the state and local governments received ₦31.25 billion and ₦21.87 billion, respectively.

In addition, the sum of ₦35.55 billion was also shared in respect of the Subsidy Reinvestment and Empowerment Programme (SURE-P) as follows: Federal Government, ₦16.29 billion; State Governments, ₦8.26 billion; Local Governments, ₦6.37 billion and 13% Derivation Fund, ₦4.62 billion.

Overall, the total allocation to the three tiers of government from the Federation Account³ and VAT Pool Account in the review month amounted to ₦594.27 billion, compared with ₦601.40 billion in the preceding month.

3.2 The Fiscal Operations of the Three Tiers of Government

3.2.1 The Federal Government

The estimated Federal Government retained revenue was below both the monthly budget estimate and the receipts in the preceding month.

At ₦278.79 billion, the estimated Federal Government retained revenue for October 2014 was below both the monthly budget estimate and receipts in the preceding month by 21.6 per cent, and 1.4 per cent, respectively. Of the total amount, the Federation Account accounted for 78.2 per cent, while SURE-P, FGN Independent Revenue, Revenue Augmentation, VAT Pool Accounts and “others” accounted for 5.8, 5.0, 4.9, 3.4 and 2.7 per cent, respectively (Fig. 9, Table 9).

³ Federation Account in the review month includes share from SURE-P and others

Figure 9: Sources of Federal Government Retained Revenue

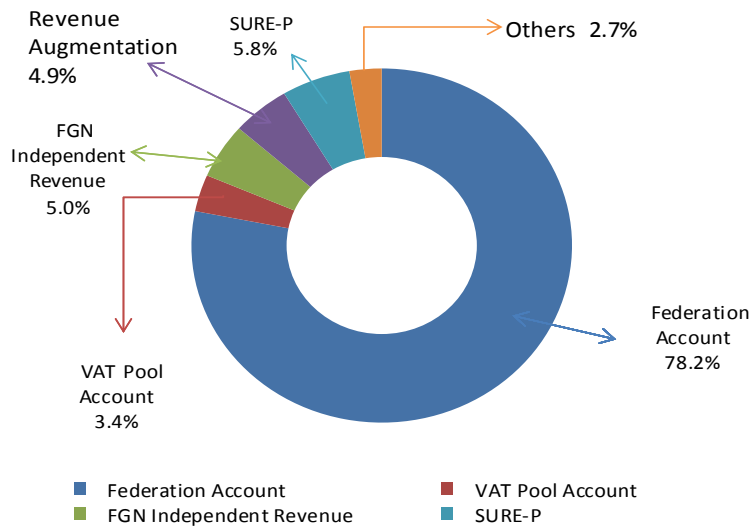
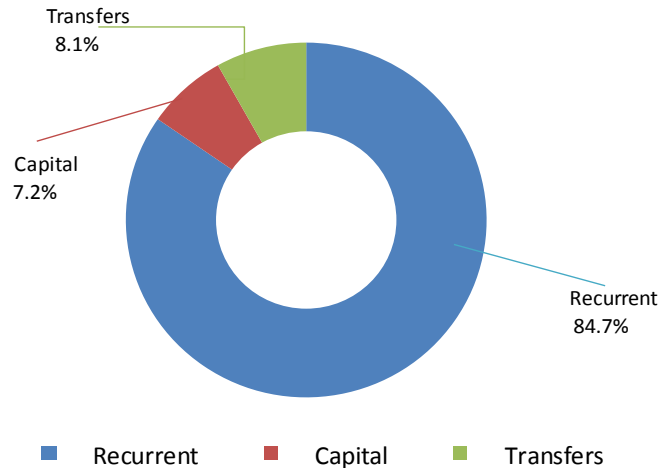


Table 9: Federal Government Fiscal Operations (₦ billion)

	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
Retained Revenue	263.0	327.6	306.7	264.9	267.6	379.6	281.5	279.1	298.7	340.3	301.7	282.7	278.8
Expenditure	507.5	361.9	663.6	366.4	297.2	451.2	349.6	303.7	328.4	328.3	319.6	323.2	320.7
Overall Balance: (+)/(-)	-244.5	-34.3	-356.9	-101.5	-29.6	-71.6	-68.1	-24.6	-29.7	12.0	-17.9	-40.5	-41.9

At ₦320.73 billion, total estimated expenditure for October 2014 was lower than both the monthly budget estimate and the level in the preceding month by 26.4 and 0.7 per cent, respectively. A breakdown of total expenditure showed that the recurrent expenditure accounted for 84.7 per cent, while the capital expenditure and transfer components accounted for the balance of 7.2 and 8.1 per cent, respectively. Non-debt obligations accounted for 76.7 per cent of the total recurrent expenditure, while debt service payments accounted for the balance of 23.3 per cent (Fig. 10).

Total estimated expenditure for October 2014 fell, compared with the monthly budget and the level in the preceding month.

Figure 10: Federal Government Expenditure

The fiscal operations of the FG resulted in an estimated deficit of ₦41.94 billion in October 2014.

Thus, the fiscal operations of the Federal Government resulted in an estimated deficit of ₦41.94 billion.

3.2.2 Statutory Allocations to State Governments

Total Statutory allocation to the state governments stood at ₦210.20 billion in October 2014. This was 13.3 per cent below the monthly budget estimate, but was 1.0 per cent above the level in the preceding month.

The breakdown showed that, at ₦31.25 billion or 14.9 per cent of the total, receipts from the VAT Pool Account was below the monthly budget estimate by 7.6 per cent, but was above the level in the preceding month by 5.8 per cent.

At ₦178.95 billion or 85.1 per cent of the total, state governments' receipt from the Federation Account was below the monthly budget estimate by 14.2 per cent, but rose above the level in the preceding month by 0.3 per cent.

3.2.3 *Statutory Allocations to Local Government Councils*

Total receipts by the local governments from the Federation Account and VAT Pool Account stood at ₦119.28 billion at end-October 2014. This was lower than both the budget estimate and the level in the preceding month 16.4 and 0.7 per cent, respectively. Of this amount, receipts from the Federation Account was ₦97.40 billion (81.7 per cent of the total), while the VAT Pool Account accounted for ₦21.87 billion (18.3 per cent of the total).

4.0 Domestic Economic Conditions

The dominant agricultural activities in October 2014 included: harvesting of various crops while in the livestock subsector, farmers intensified re-stocking activities in anticipation of increased sales during the end of year festivities. Crude oil production was estimated at 2.00 million barrels per day (mbd) or 62.00 million barrels during the month. The end-period inflation rate for October 2014, on a year-on-year basis, was 8.1 per cent, 0.2 percentage point below the level in the preceding month. The inflation rate on a 12-month moving average basis was 8.0 per cent, same as in the preceding five months' levels.

4.1 Agricultural Sector

Available data indicated that the agricultural sector remained generally affected by the negative effects of the insurgency activities and overall insecurity in the North East. Farmers in different parts of the country engaged in harvesting of various crops. In the Northern part of the country, farming activities were dominated by harvesting cereals and legumes. However, prospects of significant output increase in the region continued to be lowered by the security challenges in part of the region. In the Southern states, the predominant activities included harvesting of maize, yam and cassava. In the livestock subsector, farmers intensified re-stocking activities in anticipation of increased sales during the end of the year festivities.

A total of ₦1,332.1 million was guaranteed to 7,290 farmers under the Agricultural Credit Guarantee Scheme (ACGS) in October 2014. This represented a decline of 10.9 per cent below the level in the preceding month but was an increase of 60.9 per cent above the level in the corresponding period of 2013.

A sub-sectoral analysis of the loans guaranteed showed that the food crops sub-sector had the largest share of ₦593.9 million (44.6 per cent) guaranteed to 4,943 beneficiaries. This was followed by the mixed crops sub-sector, ₦348.0 million (26.1 per cent) guaranteed to 856 beneficiaries; livestock, ₦186.4 million (14.0 per cent) guaranteed to 724 beneficiaries; cash crops, ₦170.8

million (12.8 per cent) guaranteed to 614 beneficiaries and fisheries, ₦19.4 million (1.5 per cent) guaranteed to 64 beneficiaries. Others sub-sector had ₦13.5 million (1.0 per cent) guaranteed to 89 beneficiaries.

Analysis by state showed that 27 states (including FCT) benefited from the Scheme during the review month with the highest and lowest sums of ₦379.6 million (28.5 per cent) and ₦2.3 million (0.2 per cent) guaranteed to Delta and Osun states, respectively.

At end-October 2014, the total amount released by the CBN under the CACS to the participating banks for disbursement stood at ₦245.9 billion (for 326 projects).

At end-October 2014, the cumulative amount released by the CBN under the Commercial Agriculture Credit Scheme (CACS) to the participating banks for disbursement stood at ₦245.9 billion for three hundred and twenty six (326) projects/promoters (Table 10).

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

S/N	Participating Banks	Amount Disbursed (₦billion)	Number of Projects/State Governments
1	UBA Plc.	41.75	35
2	Zenith Bank	40.21	27
3	First Bank of Nigeria Plc	29.22	73
4	Unity Bank Plc	22.43	24
5	Union Bank Nigeria PLC	18.17	21
6	Sterling Bank Plc	15.28	21
7	Stanbic IBTC Plc	14.43	30
8	Access Bank Plc	12.63	15
9	Fidelity Bank Plc	10.85	8
10	Skye Bank Plc	9.59	7
11	FCMB Plc.	5.98	13
12	GTBank Plc	5.80	9
13	Ecobank	4.63	9
14	Heritage Bank Plc	3.17	3
15	Diamond Bank Plc	3.09	13
16	Citibank Plc	3.00	2
17	Keystone Bank	2.10	3
18	Mainstreet Bank Plc	2.00	1
19	WEMA Bank Plc	1.11	6
20	Enterprise Bank Plc	0.50	6
	TOTAL	245.94	326

4.2 Petroleum Sector

Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at an average of 2.0 million barrels per day (mbd) or 62.00 million barrels for the month. This was 0.05 mbd or 2.4 per cent lower than the 2.05 mbd or 61.50 million barrels produced in the preceding month.

Crude oil and natural gas production was estimated at an average of 2.0 million barrels per day.

Crude oil export was estimated at 1.55 mbd or 48.05 million barrels for the month. This represented a decline of 3.1 per cent below the level recorded in the previous month. Deliveries to the refineries for domestic consumption remained at 0.45 mbd or 13.95 million barrels in the review month.

At an estimated average of US\$88.78 per barrel, the price of Nigeria's reference crude, the Bonny Light (37° API), fell by 9.9 per cent below the level in the preceding month. The average prices of other competing crudes, namely the U.K Brent, at US\$87.51 per barrel; the West Texas Intermediate at US\$84.40 per barrel and; the Forcados, US\$88.96 per barrel showed similar trend. The fall in crude oil prices was attributed, mainly, to discount offered by some OPEC member countries to their major customers as a strategy to retain market share in the face of increased output by the US.

The average prices of Nigeria's reference crude, the Bonny Light (37° API), the U.K Brent, the Forcados, and the West Texas Intermediate fell during the month.

The average price of OPEC basket of eleven selected crude streams was US\$85.06 per barrel in October 2014. This represented a decline of 11.4 and 20.3 per cent below US\$95.98 and US\$106.69 per barrel recorded in the preceding month and the corresponding period of 2013, respectively (Fig. 11, Table 11).

Figure 11: Trends in Crude Oil Prices

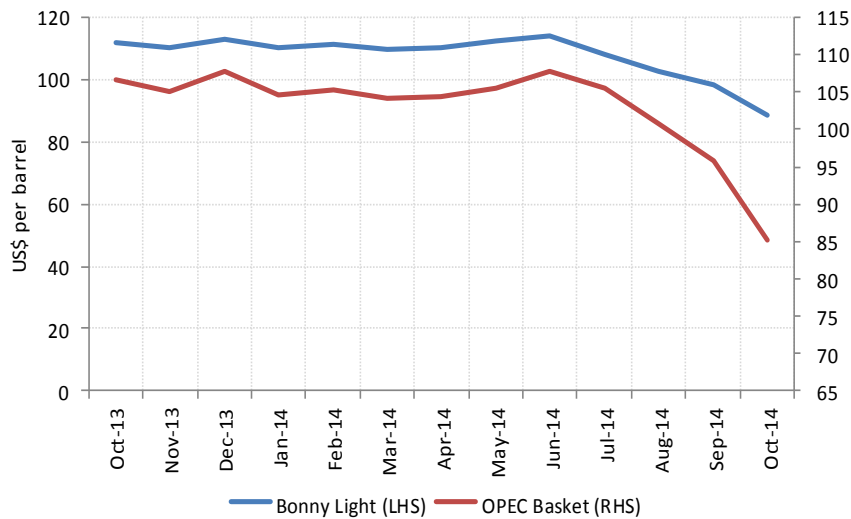


Table 11: Average Crude Oil Prices in the International Oil Market

	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
Bonny Light	111.69	110.1	113.1	110.2	111.4	104.5	110.2	112.2	114.2	107.9	102.6	98.5	88.8
OPEC Basket	106.7	105.0	107.7	104.7	105.4	104.2	104.3	105.4	107.9	105.6	100.8	95.9	85.1

4.3 Consumer Prices

The general price level rose in October 2014, relative to the level in the preceding month,

Available data showed that the all-items composite Consumer Price Index (CPI) in October 2014 was 162.1 representing an increase of 0.5 and 8.1 per cent over the levels in the preceding month and the corresponding month of 2013, respectively. The development was attributed to increase in the indices of catering services, fuels and lubricants for personal transport, and non-durable household goods.

The urban all-items CPI at end-October 2014 was 161.1 (November 2009=100), indicating an increase of 0.5 per cent, compared with the level in the preceding month. The rural all-items CPI for the month was 163.3 (November 2009=100), indicating an increase of 0.6 per cent, compared with the level in the preceding month (Fig. 12, Table 12).

The inflation rate for the review month, on a year-on-year basis, was 8.1 per cent, indicating a decline of 0.2 percentage point below the rate in the preceding month, but an increase of 0.3 percentage point above the level in the corresponding period of 2013. The inflation rate, on a twelve-month moving average basis, was 8.0 per cent, same as in the preceding five months (Fig. 13, Table 13).

The year-on-year headline inflation rate, at 8.1 per cent, was 0.2 percentage point below the level in September 2014.

The composite food index was 165.8 indicating an increase of 0.5 per cent above the level in the preceding month. The development was attributed to increase in all groups that contribute to the sub index (Table 12).

Figure.12:Consumer.Price.Index

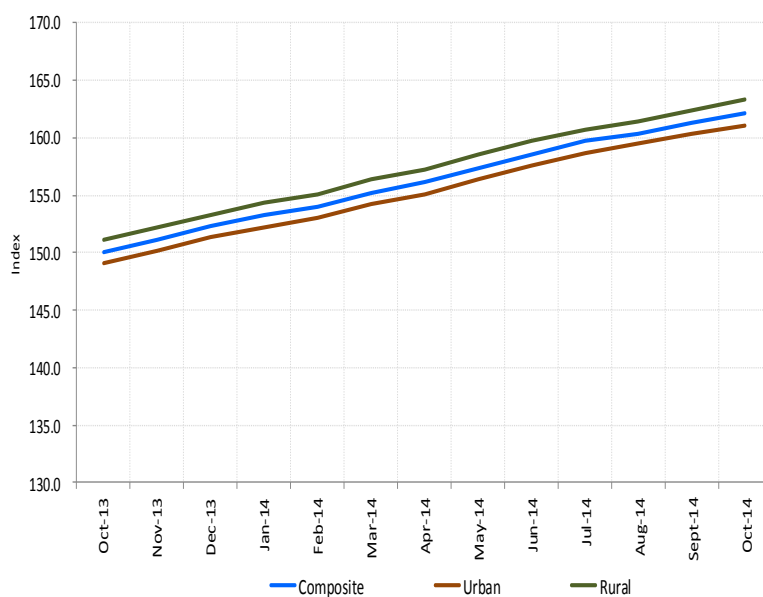


Table 12: Consumer Price Index (November 2009=100)

	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
Composite	150	151.1	152.3	153.3	154	156.2	155.2	157.4	158.6	159.7	160.4	161.3	162.1
Urban	149.1	150.2	151.4	152.2	153	154.2	155.1	156.4	157.6	158.7	159.5	160.3	161.1
Rural	151.1	152.2	153.3	154.4	155.1	156.4	157.3	158.5	159.7	160.7	161.4	162.4	163.3
CPI - Food	151.6	152.9	154.3	155.5	156.5	158	159.3	160.6	161.9	163.1	164.0	165.0	165.8
CPI - Non Food	150.9	151.8	153	153.3	154.1	154.7	155.3	156.3	157.4	157.7	158.4	159.4	160.3

Figure 13: Inflation Rate

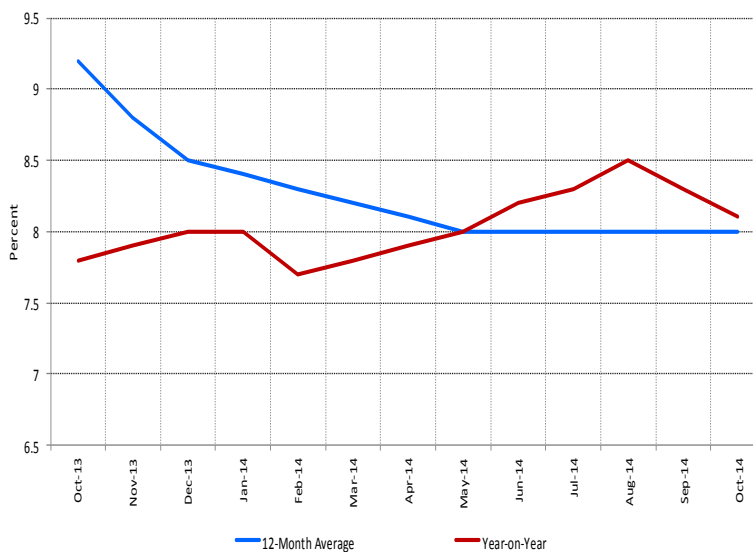


Table 13: Headline Inflation Rate (%)

	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
12-Month Average	9.2	8.8	8.5	8.4	8.3	8.2	8.1	8.0	8.0	8.0	8.0	8.0	8.0
Year-on-Year	7.8	7.9	8.0	8.0	7.7	7.8	7.9	8.0	8.2	8.3	8.5	8.3	8.1

5.0 External Sector Developments

Available data indicated that foreign exchange inflow through the CBN declined by 23.7 per cent in October 2014, while outflow rose by 24.7 per cent, compared with the level in the preceding month. Total non-oil export receipts by banks rose by 4.2 per cent above the level in the preceding month. The gross external reserves declined by 5.3 per cent, relative to the preceding month's level. The average exchange rate of the naira vis-à-vis the US dollar, stood at ₦157.31 per US dollar at the retail Dutch Auction System (rDAS), same as in the preceding month.

5.1 Foreign Exchange Flows

Provisional data indicated that foreign exchange inflow and outflow through the CBN was US\$3.23 billion and US\$5.30 billion, respectively, in the review month, resulting in a net outflow of US\$2.07 billion, compared with the net outflow of US\$0.02 billion in the preceding month. Relative to the level in the preceding month, inflow fell by 23.7 per cent, but indicated a growth of 1.7 per cent above the level in the corresponding period of 2013. The development, relative to the preceding month was attributed to the decline in crude oil prices, the absence of foreign exchange swaps and decline in non-oil receipts during the month under review.

Foreign exchange outflow through the CBN, however, increased by 24.7 and 66.7 per cent to US\$5.30 above the levels in the preceding month and the corresponding period of 2013, respectively. The development was attributed, largely, to increased foreign exchange sales at the rDAS, Bureau-de-Change (BDC) and interbank segments of the market during the review period (Fig. 14, Table 14).

Foreign exchange inflow through the CBN decreased while outflow increased in October 2014.

Figure 14: Foreign Exchange Flows through the CBN

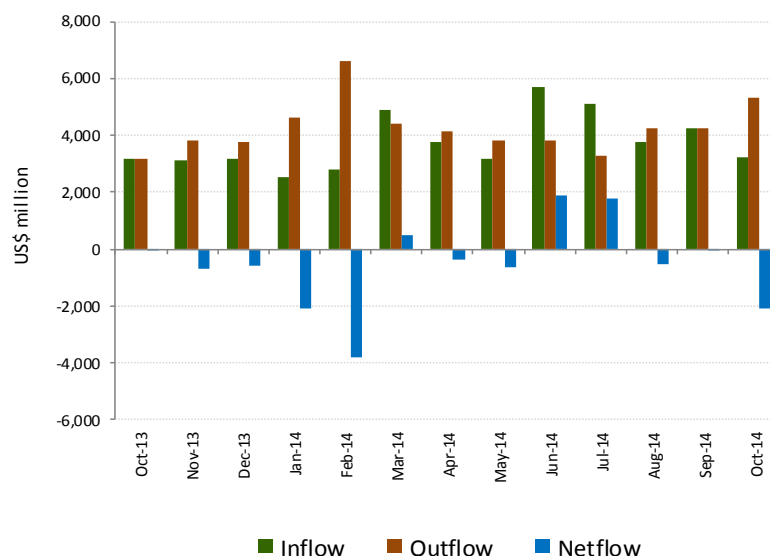


Table 14: Foreign Exchange Flows through the CBN (US\$ million)

	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
Inflow	3,175.3	3,125.5	3,164.8	2,543.6	2,797.6	4,880.3	3,779.5	3,171.3	5,716.6	5,103.8	3,750.3	4,230.4	3,228.5
Outflow	3,177.7	3,837.8	3,774.0	4,652.2	6,613.0	4,407.7	4,155.8	4,819.2	3,831.3	3,299.9	4,258.5	0.6	5,298.4
Netflow	(2.4)	(712.4)	(609.3)	(2,108.6)	(3,815.4)	472.6	(376.3)	(1,647.9)	1,885.3	1,803.9	(508.2)	4,229.8	(2,069.9)

Autonomous inflow into the economy rose by 1.9 per cent in October 2014.

Provisional data on aggregate foreign exchange flows through the economy indicated that total inflow was US\$14.09 billion, representing a decrease of 5.4 below the level at the end of the preceding month. It, however, increased by 26.9 per cent above the level at the end of the corresponding period of 2013. The development, relative to the preceding month was driven, mainly, by a decline of 21.3 per cent in receipts from crude oil exports. Of the total inflows, receipts through the CBN and autonomous sources accounted for 22.9 and 77.1 per cent, respectively.

Non-oil public sector inflow, at US\$0.73 billion (5.2 per cent of the total), was down by 30.9 per cent below the level in the preceding month but rose by 58.4 per cent above the level in the corresponding month of 2013. Autonomous inflow, which accounted for 77.1 per cent

of the total, increased by 1.9 per cent above the level in the preceding month.

At US\$5.40 billion, aggregate foreign exchange outflow from the economy increased by 17.2 and 66.9 per cent above the levels in the preceding month and the corresponding month of 2013, respectively. Thus, foreign exchange flows through the economy resulted in a net inflow of US\$8.69 billion in the review month, compared with US\$10.28 billion and US\$7.86 billion in the preceding month and the corresponding month of 2013, respectively.

5.2 Non-Oil Export Earnings by Exporters

Available data indicated that total non-oil export earnings, at US\$597.5 million, grew by 4.2 and 86.3 per cent above the levels in the preceding month and the corresponding month of 2013, respectively. The development reflected, largely, the increase in the earnings from industrial and manufacturing sectors. A breakdown by sectors showed that proceeds from industrial, manufactured, agriculture, minerals and food products sub-sectors stood at US\$331.64 million, US\$214.55 million, US\$34.31 million, US\$11.50 million and US\$5.48 million, respectively.

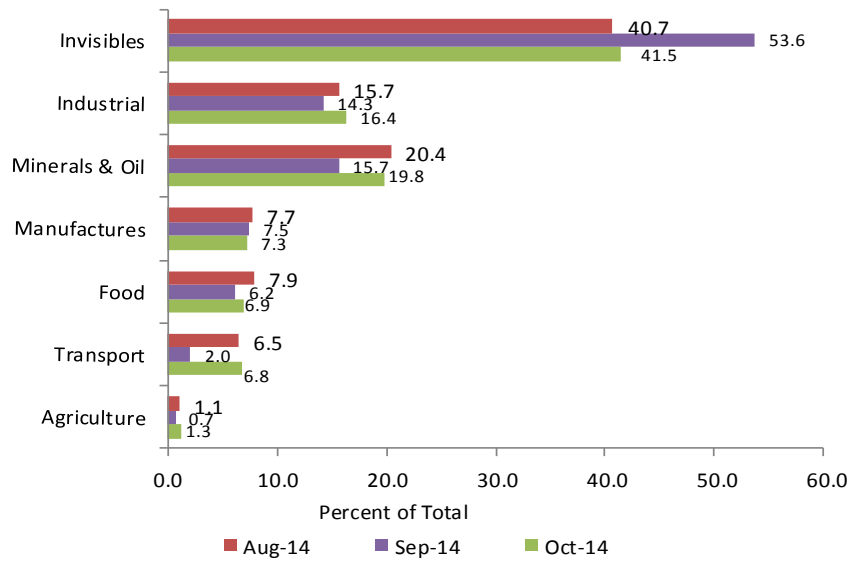
The shares of industrial, manufactured, agriculture, minerals and food products sub-sectors in non-oil export proceeds were 55.5, 35.9, 5.7, 1.9 and 0.9 per cent, respectively.

5.3 Sectoral Utilization of Foreign Exchange

Provisional data indicated that the invisible sector accounted for 41.5 per cent of total foreign exchange disbursed in October 2014, followed by the minerals and oil sector (19.8 per cent). Other beneficiary sectors, in a descending order included: industrial sector (16.4 per cent); food products (6.9 per cent); manufactured product (7.3 per cent); transport (6.8 per cent); and agricultural products (1.3 per cent) (Fig.15).

Total non-oil export earnings by exporters rose in October 2014, on account of increased earnings from industrial and manufacturing sectors.

The invisible sector accounted for the bulk (41.5 per cent) of the total foreign exchange disbursed in October 2014.

Figure 15: 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) and Bureau-de-change (BDC) was US\$4.88 billion in October 2014. This indicated an increase of 14.1 and 17.9 per cent above the levels in the preceding month and the corresponding month of 2013, respectively. A disaggregation of total demand showed that demand at the rDAS-spot rose by 10.6 per cent to US\$4.57 billion above the level in the preceding month, while at the rDAS-Forwards window and BDCs segments, it amounted to US\$0.13 and US\$0.18 billion, respectively.

A total of US\$4.91 billion was sold by the CBN to authorized dealers during the period, reflecting an increase of 38.1 and 67.1 per cent above the levels in the preceding month and the corresponding period of 2013, respectively (Fig.16, Table 15). Of the total sales, the rDAS-spot and BDC segments recorded US\$3.50 billion and US\$0.18 billion, respectively. Matured forward contracts at the rDAS segment valued at US\$0.34 billion were disbursed, while US\$0.90 billion was sold at the interbank segment during the month. However, there were no swap transactions in the review month.

Figure 16: Demand for and Supply of Foreign Exchange

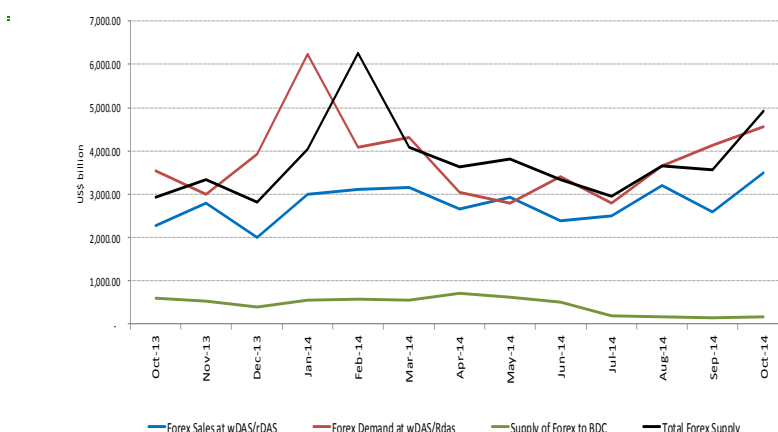


Table 15: Demand for and Supply of Foreign Exchange (US\$ billion)

	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
Forex Sales at wDAS/rDAS	2,274.4	2,796.5	2,007.8	2,989.4	3,101.9	3,151.6	2,663.9	2,928.5	2,398.6	2,494.8	3,201.1	2,598.5	3,498.5
Forex Demand at rDAS/wDAS	3,541.9	3,006.3	3,925.5	6,236.7	4,096.5	4,320.0	3,045.5	2,805.7	3,401.4	2,784.9	3,661.4	4,132.3	4,570.6
Supply of Forex to BDC	598.4	522.7	404.8	556.3	567.1	561.0	712.8	619.8	501.2	184.9	169.0	143.2	178.9
Total Forex Supply	2,941.5	3,335.6	2,826.6	4,038.7	6,254.4	4,091.5	3,637.8	3,819.6	3,330.1	2,954.1	3,650.1	3,558.7	4,914.3

Under the rDAS, the average exchange rate of the naira vis-à-vis the US dollar stood at ₦157.31 per US dollar, compared to ₦157.30/US\$ and ₦157.42/US\$ in the preceding month and corresponding month of 2013, respectively. This represented a depreciation of 0.01 per cent relative to the level in the preceding month but indicated an appreciation of 0.07 per cent relative to the level in the corresponding month of 2013. At the BDC segment, the average exchange rate, at ₦169.43 per US dollar, depreciated by 0.5 and 2.6 per cent relative to the levels in the preceding month and the corresponding period of 2013, respectively. Similarly, at the inter-bank segment, the average exchange rate of the naira vis-à-vis the US dollar, at ₦164.64 per US dollar, depreciated by 1.0 and 2.9 per cent, relative to the levels in the preceding month, and corresponding period of 2013.

Consequently, the premium between the rDAS and the

On a month-on-month basis, the naira exchange rate vis-à-vis the US dollar, depreciated at all the segments of the market.

bureau-de-change segments widened to 7.7 per cent, from 7.2 per cent in the preceding month. Similarly, the premium between the inter-bank and rDAS segments, increased to 4.7 per cent from 3.6 per cent in the preceding month (Fig. 17 and 18, Table 16).

Figure 17: Average Exchange Rate Movement

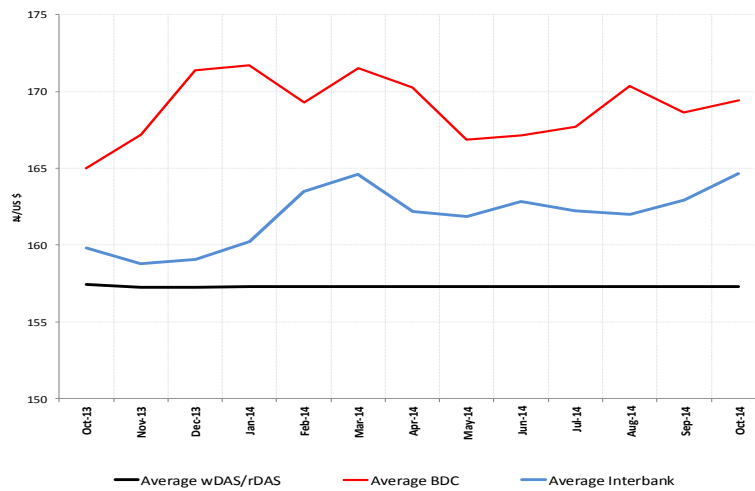
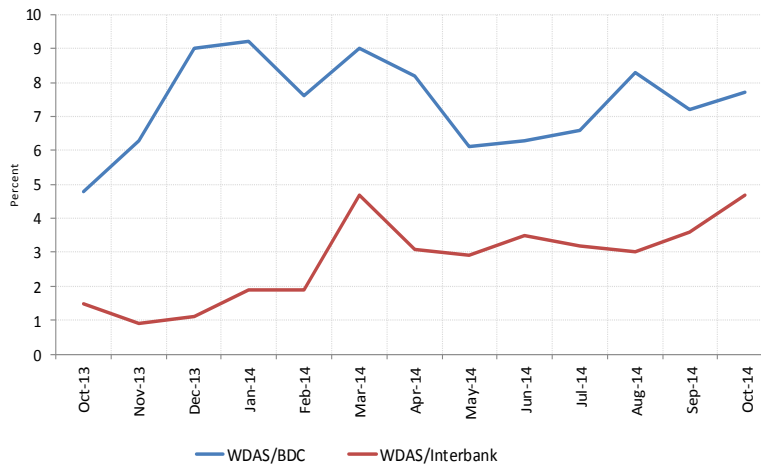


Table 16: Exchange Rate Movements and Exchange Rate Premium

	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
Average Exchange Rate (N/\$)													
wDAS/rDAS	157.42	157.27	157.27	157.29	157.31	157.30	157.29	157.29	157.29	157.29	157.29	157.30	157.31
BDC	165.00	167.19	171.40	171.71	169.28	171.52	170.25	166.85	167.14	167.71	170.36	168.64	170.36
Interbank	159.83	158.74	159.05	160.23	163.49	164.62	162.19	161.86	162.82	162.25	161.99	162.93	164.64
Premium (%)													
WDAS/BDC	4.8	6.3	9.0	9.2	7.6	9.0	8.2	6.1	6.3	6.6	8.3	7.2	7.7
WDAS/Interbank	1.5	0.9	1.1	1.9	3.9	4.7	3.1	2.9	3.5	3.2	3.0	3.6	4.7

Figure 18: Exchange Rate Premium



5.5 Gross External Reserves

The gross external reserve at the end of October 2014 stood at US\$36.25 billion, indicating a decline of 5.3 and 17.9 per cent below the levels in the preceding month and the corresponding period of 2013, respectively. The observed depletion in the external reserves was due to increased foreign exchange sales at the rDAS and interbank segments of the foreign exchange market. A breakdown of external reserves showed that Federation reserves was US\$4.47 billion (12.3 per cent); Federal Government reserves, US\$3.87 billion (10.7 per cent), and the CBN reserves, US\$27.91 billion (77.0 per cent). (Fig. 19, Table 17).

Gross external reserves declined in October 2014.

Figure 19: Gross External Reserves

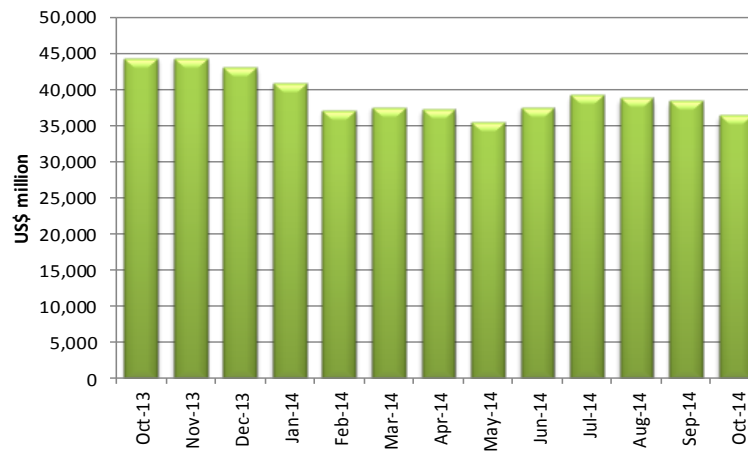


Table 17: Gross External Reserves (US\$ million)

Period	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
External Reserves	36,923.61	37,376.43	37,082.47	35,398.10	37,330.03	39,065.42	38,696.23	38,278.62	36,254.09

6.0 Other International Economic Developments and Meetings

World crude oil output in October 2014 was estimated at an average of 92.50 million barrels per day (mbd), representing an increase of 0.3 per cent over the 92.33 million barrels per day (mbd) recorded in the preceding month. World demand was estimated at 92.11 million barrels per day (mbd), compared with 91.19 million barrels per day (mbd) demanded in the preceding month. The slight increase in demand was attributed to improvement in global manufacturing activities and gradual increase in demand for heating oil due, mainly, to the early winter season.

Other major international economic developments and meetings of importance to the domestic economy during the review period included: the 2014 Annual Meetings of the Board of Governors of the World Bank Group and the International Monetary Fund (IMF), held in Washington D.C., USA between October 6 and 13, 2014. During the meeting, the G-24 ministers noted that although the global economic recovery continued to be tepid and uneven, emerging market and developing countries (EMDC) fundamentals were generally strong and were expected to continue to account for the bulk of global growth.

Also at the meeting, the ministers urged policymakers in the Advanced Economies, especially those that issue reserve currencies, to give due attention to the risks and impact of spillovers on EMDCs and to undertake effective coordination and communication of their policies. Similarly, the development committee noted that investment in infrastructure, including energy, was crucial to sustaining economic growth and ensuring shared prosperity.

Finally, a high level strategy meeting was held on Thursday, October 9 2014 in Washington D.C., USA between the AfDB and the IMF Managing Director

Christine Lagarde, UN Secretary General Ban Ki-moon and World Bank President Jim Yong Kim, on efforts at combating the Ebola scourge. At the meeting, the AfDB noted that it had already contributed more than \$200 million to support the fight against spread of EVD and it assured the meeting that it will play its part to arrest the spread of the disease.

APPENDIX TABLES

Table A1: Money and Credit Aggregates

	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
Domestic Credit (Net)	15,349.3	15,283.6	15,007.8	15,173.6	15,770.8	15,839.4	16,265.3	16,408.5
<i>Claims on Federal Government (Net)</i>	(1,434.1)	(1,734.0)	(1,761.4)	(1,790.2)	(1,481.6)	(1,554.6)	(1,393.5)	(1,380.3)
Central Bank (Net)	(2,097.3)	(2,341.7)	(2,644.4)	(2,730.5)	(2,694.2)	(2,548.1)	(2,387.9)	(2,336.2)
Commercial Banks	617.5	570.2	847.2	904.6	1,151.5	921.5	937.3	877.6
Merchant Bank	46.4	38.2	36.6	36.4	61.9	72.8	57.9	79.1
Non Interest Banks	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)
<i>Claims on Private Sector</i>	16,783.4	17,017.6	16,769.2	16,963.8	17,252.3	17,394.0	17,658.8	17,788.8
Central Bank	4,905.3	4,952.8	4,735.6	4,684.2	4,680.2	4,676.4	4,675.9	4,870.1
Banks	11,826.2	12,011.7	11,976.4	12,223.4	12,512.1	12,655.3	12,921.8	12,857.1
Merchant Bank	40.6	42.0	42.7	41.2	43.7	45.4	42.5	41.4
Non Interest Banks	11.3	11.1	14.5	15.0	16.3	16.9	18.5	20.2
<i>Claims on Other Private Sector</i>	16,003.1	16,235.9	15,985.0	16,206.8	16,488.0	16,634.9	16,909.0	17,001.2
Central Bank	4,881.7	4,929.2	4,712.0	4,660.7	4,656.7	4,652.8	4,652.4	4,846.5
Banks	11,070.4	11,254.6	11,218.2	11,492.3	11,773.7	11,922.3	12,198.1	12,095.5
Merchant Bank	40.6	42.0	42.7	41.2	43.7	45.3	42.5	41.4
Non Interest Banks	10.3	10.1	12.1	12.6	13.9	14.5	16.1	17.8
<i>Claims on State and Local Governm</i>	756.7	758.2	760.6	733.4	740.7	735.4	726.2	763.9
Central Bank	-	-	-	-	-	-	-	-
Commercial Banks	755.7	755.2	758.2	731.0	738.3	733.0	726.2	763.9
Merchant Bank	-	-	-	-	-	-	-	-
Non Interest Banks	1.0	1.0	2.4	2.4	2.4	2.4	2.4	2.4
<i>Claims on Non-financial Public Ente</i>	23.6	23.6	23.6	23.6	23.6	23.6	23.6	23.6
Central Bank	-	-	-	-	-	-	-	-
Banks	-	-	-	-	-	-	-	-
Foreign Assets (Net)	7,613.1	7,716.1	7,693.0	7,693.3	8,031.1	7,647.7	7,607.6	6,917.6
Central Bank	5,949.9	6,173.9	6,275.9	6,200.0	6,522.9	6,294.9	6,292.3	5,835.8
Commercial Banks	1,654.4	1,542.2	1,407.2	1,482.4	1,514.3	1,359.7	1,320.2	1,087.2
Merchant Bank	6.4	1.6	7.7	8.4	(9.6)	(10.7)	(8.9)	(8.8)
Non Interest Banks	2.3	2.2	2.3	2.5	3.5	3.8	4.1	3.4
Other Assets (Net)	(7,262.7)	(7,026.4)	(6,793.4)	(6,938.5)	(7,376.5)	(7,357.4)	(7,302.6)	(7,003.1)
Total Monetary Assets (M2)	15,699.7	15,973.3	15,907.5	15,928.4	16,425.4	16,129.7	16,570.2	16,322.9
Quasi-Money 1/	8,807.9	8,887.4	9,166.3	9,341.1	9,679.9	9,647.9	9,953.8	9,803.9
Money Supply (M1)	6,891.8	7,085.9	6,741.2	6,587.3	6,745.4	6,481.8	6,616.4	6,519.1
<i>Currency Outside Banks</i>	1,226.6	1,228.1	1,205.2	1,162.4	1,237.0	1,214.9	1,243.2	1,185.6
<i>Demand Deposits 2/</i>	5,665.2	5,857.8	5,536.0	5,424.9	5,508.5	5,266.8	5,373.2	5,333.5
Total Monetary Liabilities (M2)	15,699.7	15,973.3	15,907.5	15,928.4	16,425.4	16,129.7	16,570.2	16,323.0
<i>Memorandum Items:</i>								
Reserve Money (RM)	5,036.8	5,296.3	5,099.6	4,723.1	4,767.1	4,729.3	4,882.7	5,076.8
<i>Currency in Circulation (CIC)</i>	1,574.4	1,569.6	1,517.6	1,497.1	1,568.2	1,501.5	1,548.3	1,534.0

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)

	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
Growth Over Preceding December (%)								
Domestic Credit (Net)	2.1	1.6	-0.2	0.9	4.9	5.3	8.1	9.1
<i>Claims on Federal Government (Net)</i>	-2.4	-18.1	-19.9	-21.9	-8.9	-5.8	5.1	6.0
<i>Claims on Private Sector</i>	1.7	3.1	1.6	2.8	4.5	5.4	10.0	7.8
<i>Claims on Other Private Sector</i>	1.9	3.4	1.8	3.2	5.0	5.9	7.7	8.2
<i>Claims on State and Local Government</i>	1.9	3.4	-2.4	-5.9	-4.9	-5.6	-6.8	-2.0
<i>Claims on Non-financial Public Enterprises</i>								
Foreign Assets (Net)	-10.6	9.4	-9.6	-9.6	-5.7	-10.2	-10.6	-18.7
Other Assets (Net)	-7.9	-10.9	13.8	12.0	6.5	6.7	7.4	11.2
Total Monetary Assets (M2)	0.2	1.94	1.5	1.66	4.83	2.9	5.8	4.2
Quasi-Money 1/	1.8	2.7	5.9	7.9	11.8	11.5	15.0	13.3
Money Supply (M1)	-1.7	1.0	-3.9	-6.1	-3.8	-7.6	-5.7	-7.0
<i>Currency Outside Banks</i>	-15.2	-15.1	-16.7	-19.7	-14.5	-16.0	-14.1	-18.1
<i>Demand Deposits 2/</i>	1.8	5.3	-0.5	-2.5	-1.0	-5.4	-3.5	-4.2
Total Monetary Liabilities (M2)	0.2	1.94	1.5	1.66	4.83	2.9	5.75	4.17
Memorandum Items:								
Reserve Money (RM)	-9.4	-4.7	-8.3	-15.0	-14.2	-14.9	-12.2	-8.7
<i>Currency in Circulation (CIC)</i>	-11.4	-11.7	-14.6	-15.7	-11.7	-15.5	-12.9	-13.7
<i>DMBs Demand Deposit with CBN</i>	-8.5	-1.5	-5.3	-14.7	-15.4	-14.7	-11.8	-6.3
Growth Over Preceding Month (%)								
Domestic Credit (Net)	-1.2	-0.4	-1.8	1.1	3.9	0.4	2.7	0.9
<i>Claims on Federal Government (Net)</i>	4.3	-20.9	-1.6	1.6	17.2	-4.9	10.4	0.9
<i>Claims on Private Sector</i>	0.7	1.4	-1.5	1.2	1.7	0.8	1.5	0.7
<i>Claims on Other Private Sector</i>	0.7	1.5	-1.6	1.4	1.7	0.9	1.7	0.6
<i>Claims on State and Local Government</i>	1.1	0.1	-0.2	-3.6	1.0	-0.7	-1.3	5.2
<i>Claims on Non-financial Public Enterprises</i>								
Foreign Assets (Net)	0.7	1.4	-0.3	0.0	4.4	-4.8	0.5	9.1
Central Bank	-2.0	3.8	1.7	-1.2	5.2	-3.5	-0.04	-7.3
Banks	11.9	-7.3	-8.1	5.4	1.0	-10.3	-2.8	-17.8
Other Assets (Net)	2.0	3.3	3.3		-6.3	0.3	0.7	4.1
Total Monetary Assets (M2)	2.5	1.7	-0.4	0.1	3.1	-1.8	2.7	-1.5
Quasi-Money 1/	1.4	0.9	3.1	1.9	3.6	-0.3	3.2	-1.5
Money Supply (M1)	3.9	2.8	-4.9	-2.3	2.4	-3.9	2.1	-1.5
<i>Currency Outside Banks</i>	-2.5	0.1	-1.9	-3.5	6.4	-1.8	2.3	-4.6
<i>Demand Deposits 2/</i>	5.4	3.4	-5.5	2.0	1.5	-4.4	2.0	-0.7
Total Monetary Liabilities (M2)	2.5	1.7	-0.4	0.1	3.1	-1.8	2.7	-1.5
Memorandum Items:								
Reserve Money (RM)	-4.2	5.2	-3.7	-7.4	0.9	-0.8	3.2	4.0
<i>Currency in Circulation (CIC)</i>	1.1	-0.3	-3.3	-1.4	4.7	-4.3	3.1	-0.9
<i>DMBs Demand Deposit with CBN</i>	-6.4	7.6	-3.8	-9.9	-0.8	0.9	-6.7	6.2

Table A3: Federal Government Fiscal Operations (₦ billion)

	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
Retained Revenue	267.6	379.6	281.5	279.1	298.7	340.3	301.7	282.7	278.8
Federation Account	235.0	247.5	249.1	249.1	271.3	270.1	257.3	238.1	217.8
VAT Pool Account	11.8	9.6	9.1	9.4	9.4	9.6	9.4	8.9	9.4
FGN Independent Revenue	4.3	101.1	7.0	4.3	6.6	6.8	18.7	9.5	14.0
Excess Crude	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.3
Others /SURE-P	16.4	21.3	16.3	16.3	16.3	53.7	16.3	26.3	36.4
Expenditure	297.2	451.2	349.6	303.7	328.4	328.3	319.6	323.2	320.7
Recurrent	259.2	292.8	267.2	264.2	289.5	273.1	270.4	276.4	271.4
Capital	16.3	142.8	44.7	18.3	17.7	26.9	43.8	21.8	23.2
Transfers	21.7	15.6	37.7	21.2	21.2	28.3	27.9	24.9	26.1
Overall Balance: Surplus(+)/Deficit(-)	-29.6	-71.6	-68.1	-24.6	-29.7	12.0	-17.9	-40.5	-41.9

