



CENTRAL BANK OF NIGERIA

***ECONOMIC REPORT
JANUARY 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 decelerated in the month of January 2014. On month-on-month basis, broad money (M_2) declined by 1.3 per cent, due largely to the 3.2 per cent fall in foreign asset (net) of the banking system. On year-on-year basis, M_2 , however, grew by 1.0 per cent. Narrow money supply (M_1) fell by 3.7 per cent below the level at the end of the preceding month, due to the 7.9 and 2.6 per cent decline in its currency outside banks and demand deposit components. Reserve money (RM) fell by 2.8 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 1-month deposit rate, all other deposit rates trended upward. While the prime lending rate trended downward, the maximum lending rate rose during the review month. The spread between the weighted average term deposit and maximum lending rate, narrowed by 1.1 percentage point to 17.16 per cent at the end of January 2014. Similarly, the margin between the average savings deposit and maximum lending rates narrowed by 0.12 percentage point to 22.25 per cent at the end of the review month. The weighted average interbank call rate fell to 10.00 per cent from 10.75 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-January 2014 was ₦6,968.52 billion, showing a decline of 1.9 per cent, in contrast to the growth of 9.4 per cent at the end of the preceding month. The development was attributed to the increase in the value of Nigerian Treasury Bills and FGN Bonds outstanding during the review period. Developments in the Nigerian Stock Exchange (NSE) were mixed during the review month.

Federally-collected revenue (gross) in January 2014 was estimated at ₦674.67 billion, showing a decline of 6.0 and 12.8 per cent below the receipts in the preceding month and the corresponding period of 2013, respectively. At ₦474.40 billion, oil receipts (gross), which constituted 70.3 per cent of the total revenue, was lower than the receipts in the preceding month and the corresponding period of 2013, by 3.3 and 19.8 per cent, respectively. The fall in oil receipts

relative to receipts in the preceding month, was attributed to the decline in receipts from Petroleum Profit Tax (PPT) and Royalties.

Non-oil receipts (gross), at N200.27 billion or 29.7 per cent of the total, was 11.7 per cent lower than the receipts in the preceding month. Relative to the corresponding month of 2013, non-oil receipts, however, rose by 10.1 per cent. The decline relative to the preceding month reflected, largely, the fall in receipts from Corporate Tax and VAT during the review period. Federal Government estimated retained revenue in January 2014 was N262.88 billion, while total estimated expenditure was N368.35 billion. Thus, the fiscal operations of the Federal Government resulted in an estimated deficit of N105.47 billion, compared with the estimated monthly budget deficit of N73.92 billion.

The dominant agricultural activities in January 2014 included: harvesting of tree crops and fruits; and clearing of land for the 2014 cropping season. Crude oil production, including condensates and natural gas liquids in January was estimated at 1.92 million barrels per day (mbd) or 59.5 million barrels for the month. Crude oil export was estimated at 1.47 million barrels per day (mbd) or 45.6 million barrels during the month. The average price of Nigeria's reference crude, the Bonny Light (37^o API), was estimated at US\$110.19 per barrel, indicating a decline of 2.6 per cent below the level in the preceding month.

The end-period headline inflation rate (year-on-year), in January 2014, was 8.0 per cent, same as in the preceding month. Inflation rate on a twelve-month moving average basis fell by 0.1 percentage point to 8.4 per cent from the level in the preceding month.

Foreign exchange inflow and outflow through the CBN in January 2014 were US\$2.54 billion and US\$4.65 billion, respectively, and resulted in a net outflow of US\$2.11 billion. Foreign exchange sales by the CBN to the authorized dealers amounted to US\$4.04 billion, showing an increase of 42.9 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 in all the segments (WDAS, interbank and bureau-de-change segments) of the foreign exchange market. Non-oil export receipts rose significantly by 30.1 per cent above the level in the preceding month. The development was attributed,

largely, to the increase in export earnings from the agricultural sector and manufactured products.

World crude oil output in January 2014 was estimated at 90.44 million barrels per day (mbd), while demand was estimated at 90.00 million barrels per day (mbd), representing an excess supply of 0.44 mbd, compared with 90.18 and 90.93 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 World Economic Forum held from January 22-25, 2014 at Davos, Switzerland on the theme, "The Reshaping of the World: Consequence for Society, Politics and Business". The main pillars of the meeting were: "Achieving Inclusive Growth; and Meeting Society's New Expectations through Innovations". In another development, the 22nd Assembly of Heads of State and Government of the African Union was held in Addis Ababa, Ethiopia from January 21 – 31, 2014. The theme of the Summit was "Transforming Africa's Agriculture: Harnessing Opportunities for Inclusive Growth and Sustainable Development". The leaders discussed issues relating to agricultural development and transformation in Africa. The Summit also marked the 10th anniversary of the Comprehensive Africa Agriculture Development Programme (CAADP). Furthermore, the African Development Bank (AfDB) and the African Union Commission (AUC) on January 29, 2014 signed a new project grant. The project was aimed at strengthening the capacity of African countries. Also, the 2013 Statutory Meetings of the West African Monetary Agency (WAMA), West African Monetary Institute (WAMI) and West African Institute for Financial and Economic Management (WAIFEM) were held in Banjul, The Gambia from January 8 - 17, 2014. In addition, the 30th meeting of the Committee of Governors (COG) of WAMZ was held.

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2.0 *Financial Sector Developments*

2.1 Monetary and Credit Developments

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

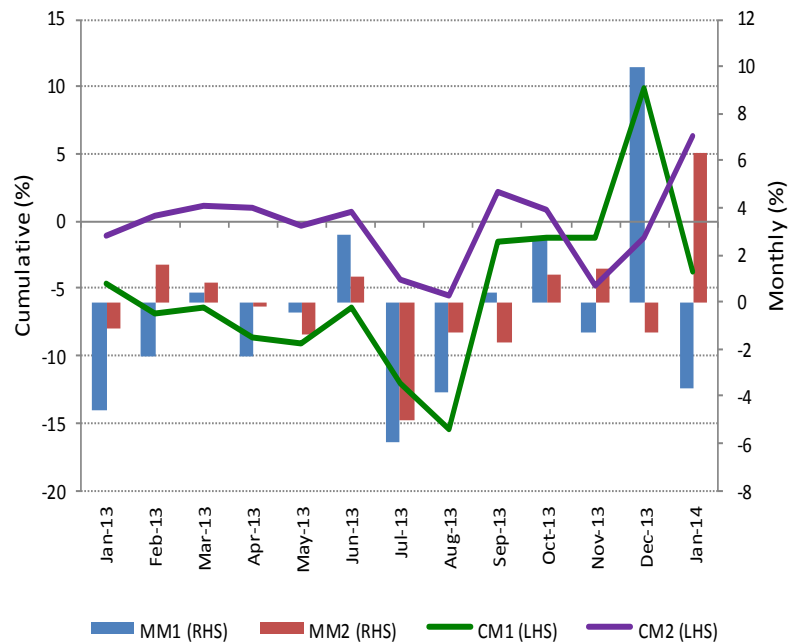
Money supply (M₂) declined on month-on-month basis at end-January 2014.

Provisional data indicated that money supply declined on month-on-month basis at end-January 2014. Broad money supply (M₂), at ₦15,465.4 billion, fell by 1.3 per cent, in contrast to the growth of 1.2 per cent at the end of the preceding month. The development reflected the effect of the 3.2 per cent decline in foreign asset (net), which more than off-set the 0.5 per cent growth in domestic credit (net) of the banking system. Relative to its level at the end of the corresponding period of 2013, broad money supply (M₂), however, grew by 1.0 per cent.

Narrow money supply (M₁), at ₦6,753.7 billion, declined by 3.7 per cent, in contrast to the 10.0 per cent growth at the end of December 2013. The development was attributed to the 7.9 and 2.6 per cent decline in its currency outside banks and demand deposit components, respectively. Relative to the level at the end of the corresponding period of 2013, narrow money (M₁) showed a decline of 4.6 per cent (Fig. 1, Table 1).

Quasi-money grew by 0.6 per cent to ₦8,711.7 billion, compared with growth of 3.6 and 2.1 per cent at the end of the preceding month and the corresponding period of 2013, respectively. The development relative to preceding month reflected, largely, the marginal increase in time and savings deposit with banks.

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



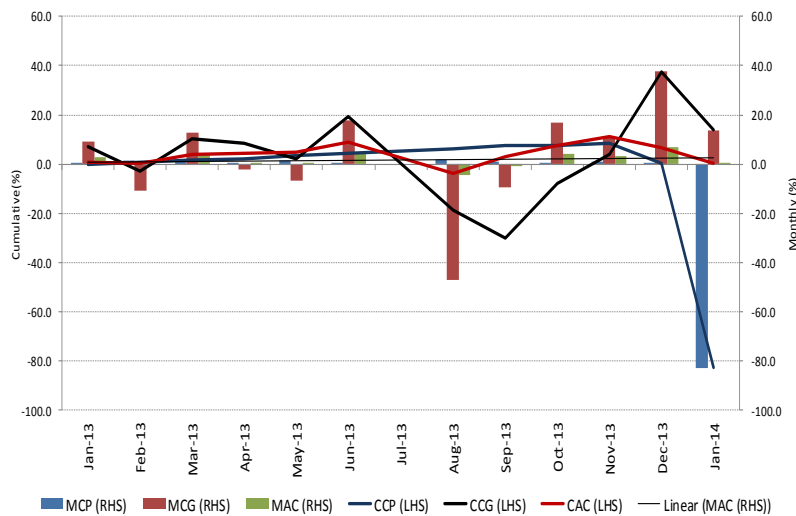
At ₦15,107.8 billion, aggregate banking system credit (net) to the domestic economy at end-January 2014 rose by 0.5 per cent, on month-on-month basis, compared with the growth of 6.7 per cent at the end-December 2013, but was in contrast to the 1.6 per cent decline at the end of the corresponding period of 2013. The development relative to the preceding month, reflected, wholly, the 13.9 per cent increase in (net) claims on the Federal Government.

Banking system's credit (net) to the Federal Government, on month-on-month basis, rose by 13.9 per cent to negative ₦1,265.2 billion, compared with the growth of 37.7 per cent at the end of the preceding month, but was in contrast to the 2.0 per cent decline at the end of the corresponding month of 2013. The development relative to the preceding month, reflected largely, the increase in banking system's holdings of government securities.

Banking system's credit to the private sector declined by 0.8 per cent, on month-on-month, to ₦16,373.1 billion, in contrast to the 0.4 per cent increase at the

end of the preceding month. The development relative to the preceding month, reflected the 1.2 per cent fall in claims on the core private sector. Relative to the level at the end of the corresponding period of 2013, banking system's credit to the private sector rose by 9.2 per cent (Fig. 2, Table 1).

Figure 2: Growth Rate of Aggregate Domestic Credit to the Economy¹



At ₦8,243.6 billion, foreign assets (net) of the banking system fell by 3.2 per cent at end-January 2014, compared with the decrease of 1.9 per cent at the end of the preceding month, but was in contrast to the growth of 2.5 per cent at the end of the corresponding period of 2013. The development relative to preceding month, was attributed largely, to the 6.2 per cent decrease in the CBN's holdings of foreign assets.

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

Other assets (net) of the banking system, on a month-on-month basis, fell marginally by 0.01 per cent to

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).

negative ₦7,886.1 billion, in contrast to the 1.9 per cent growth recorded at the end of the preceding month. It, however, showed a decline of 3.1 per cent, on year-on-year basis. The development reflected, largely, the fall in unclassified assets of both the CBN and the DMBs.

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

	Jan-13	Feb-13	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14
Domestic Credit (Net)	-1.6	2.6	0.2	2.6	-0.5	3.7	0.2	0.4	-0.8	4.1	3.4	6.7	0.5
Claims on Federal Government (Net)	-2.0	9.0	7.7	13.0	-10.7	12.6	-2.1	-6.6	-9.5	17.0	10.9	37.7	13.9
Claims on Private Sector	-1.1	0.6	-0.9	0.6	1.17	1.0	0.5	1.3	1.1	0.0	1.1	0.4	-0.8
Claims on Other Private Sector	-1.2	0.9	-1.1	0.9	1.1	0.8	0.8	1.3	1.3	0.0	0.8	-0.1	-1.2
Foreign Assets (Net)	2.5	5.2	2.5	5.2	-0.7	-1.3	-1.6	-4.1	-0.8	-0.3	-2.4	-1.9	3.2
Other Assets (Net)	-3.1	-8.7	-6.1	-8.4	3.7	-5.5	-1.2	6.9	-1.2	-4.5	-0.6	1.9	0.0
Broad Money Supply (M2)	-1.1	1.6	-1.0	1.6	0.8	-0.2	-1.4	1.1	-1.8	1.2	1.4	6.3	-1.3
Quasi-Money	2.1	4.9	2.1	4.9	1.1	1.5	-2.0	-0.3	-3.4	0.0	3.6	3.6	0.6
Narrow Money Supply (M1)	4.6	-2.3	-4.4	-2.3	0.4	-2.3	-0.5	2.9	0.4	2.7	-1.3	10.0	3.7
Reserve Money (RM)	-8.2	10.6	-8.2	10.6	3.9	-12.2	-0.1	-5.7	10.0	3.0	3.0	24.6	-2.8

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

At ₦1,588.5 billion, currency-in-circulation fell by 10.6 per cent in the review month, in contrast to the increase of 13.1 per cent at the end of the preceding month. The development reflected the 7.9 and 2.6 per cent decline in its currency outside banks and demand deposit components, respectively.

Total deposits at the CBN amounted to ₦6,881.46 billion, indicating a decline of 2.1 per cent below the level at the end of the preceding month. The development reflected, largely, the fall in Federal Government deposit and deposit by “others”, which more than offset the increase in DMBs deposit. Of the total deposits, the percentage shares of the Federal Government, banks and “others” were 38.9, 55.5 and 5.6 per cent, respectively.

Reserve money (RM) fell during the review.

Reserve money (RM) fell by 2.8 per cent to ₦5,404.9 billion at the end of the review month, reflecting the

trends in currency-in-circulation.

2.3 Money Market Developments

Available data showed that money market indicators were relatively stable during the review month. Monetary policy remained largely restrictive during the review period in line with the monetary tightening stance of the Bank. Thus, monetary policy rate (MPR) was maintained at 12.0 per cent, while public sector Cash Reserve Ratio (CRR) was raised from 50.0 per cent to 75.0. In spite of the liquidity surge, which arose from maturing Central Bank of Nigeria (CBN) bills, Asset Management Corporation of Nigeria (AMCON) bonds redemption and fiscal inflows during the review period, financial market indicators were relatively stable. The CBN discount window remained open to authorized dealers for the Standing Deposit Facility (SDF) and Standing Lending Facility (SLF). FGN Bonds and NTBs were issued at the primary market on behalf of the Debt Management Office (DMO).

Provisional data indicated that the value of money market assets outstanding at end-January 2014 was ₦6,968.52 billion, indicating a decline of 1.9 per cent, in contrast to the increase of 9.4 per cent at the end of the preceding month. The development was attributed to the respective 2.1 and 1.6 per cent increase in FGN Bonds and NTBs outstanding at the end of the review period.

2.3.1 Interest Rate Developments

Available data indicated mixed developments in the banks' deposit and lending rates during the review month. With the exception of the 1-month deposit rate, which fell by 2.95 percentage points to 4.83 per cent, all other deposit rates of various maturities rose from a range of 2.53 – 7.96 per cent to a range of 3.27 – 9.8 per cent. At 8.36 per cent, the average term deposit rate rose by 1.67 percentage points above the level in the preceding month. Similarly, the average maximum lending rate rose by 0.62 percentage point to 25.52 per cent. However, the average prime lending rate fell by

Developments in interest rates were mixed in January 2014.

0.06 percentage point to 16.95 per cent during the review month. Consequently, the spread between the weighted average term deposit and maximum lending rates narrowed by 1.05 percentage point to 17.16 per cent in January 2014. Similarly, the margin between the average savings deposit and maximum lending rates also narrowed by 0.12 percentage point to 22.25 per cent at the end of the review month.

At the interbank call segment, the weighted average rate, which stood at 10.75 per cent in the preceding month, fell by 0.75 percentage point to 10.00 per cent in January 2014. Similarly, the weighted average rate, at the open-buy-back (OBB) segment, fell by 0.76 percentage point to 10.48 per cent in the review month, from 11.24 per cent in December 2013. The Nigeria interbank offered rate (NIBOR) for 7-day and 30-day tenors also fell to 10.85 and 11.18 per cent, respectively, in the review period from 11.46 and 11.87 per cent in the preceding month. With the headline inflation rate at 8.0 per cent at end-January 2014, most rates were negative in real terms with the exception of lending and the average interbank call rates (Fig. 3, Table 2).

Figure 3: Selected DMBs Interest Rates (Average)

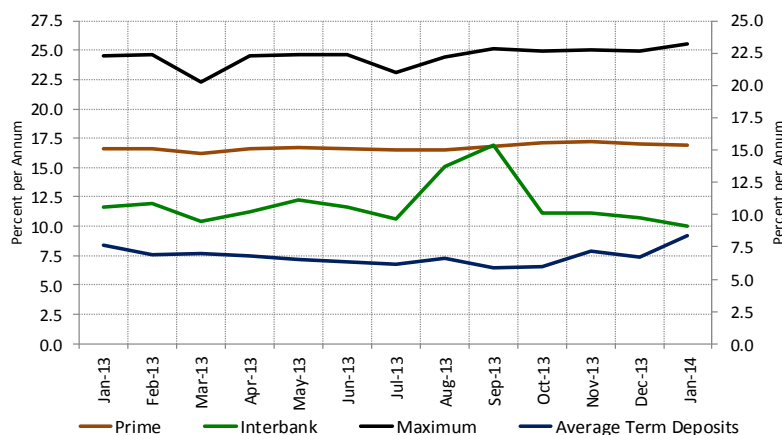


Table 2: Selected Interest Rates (Percent, Averages)

	Jan-13	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
Average Term Deposits	7.66	6.88	6.99	6.83	6.55	6.35	6.16	6.72	5.90	6.01	7.21	7.21	6.69	8.36
Prime Lending	16.57	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
Interbank	11.67	11.98	10.39	11.24	12.23	11.59	10.63	15.24	16.88	11.08	11.15	11.23	10.75	10.00
Maximum Lending	24.54	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

2.3.2 Commercial Paper (CP)

The value of commercial paper (CP) held by the DMBs rose to ₦10.6 billion at end-January 2014, compared with the value of ₦9.3 billion at the end of the preceding month. This development was due to the rise in investment in CP by the commercial banks during the month under review. Thus, CP constituted 0.15 per cent of the total value of money market assets outstanding at end-January 2014, compared with 0.14 per cent at the end of the preceding month.

2.3.3 Bankers' Acceptances (BAs)

The value of bankers' acceptances (BAs) declined by 0.60 per cent to ₦20.34 billion, compared with ₦20.47 billion at the end of the preceding month. The development was attributed to the decline in investment in BAs by the DMBs during the month. Consequently, BAs accounted for 0.29 per cent of the total value of money market assets outstanding, at the end of January 2014, compared with 0.3 per cent at the end of the preceding month.

2.3.4 Open Market Operations

The Bank intervened ten times in the money market through direct OMO auction. Eighteen (18) maturities, ranging from 28 -153 days tenors were traded in the review period. Total amount offered, subscribed to and allotted, were ₦800.00 billion, ₦1,778.09 billion and ₦1,091.49 billion, respectively, compared with ₦610.00 billion, ₦687.16 billion and ₦687.16 billion in the preceding month. The bid rates ranged from 10.05 - 16.60 per cent, while the stop rates ranged between

11.20 -12.10 per cent, compared with 11.50 – 13.00 per cent recorded in the preceding month.

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 ₦359.30 billion, ₦444.6 billion and ₦359.30 billion, respectively, compared with ₦310.61 billion, ₦557.67 billion and ₦400.61 billion in December 2013. The bid-to-cover ratios for the various tenors were 1.4, 1.23 and 1.20 for the 91-, 182- and 364-day tenors, respectively. The bid-to-cover ratios of below 2.0 for all the tenors indicated that no specific tenor attracted investors' preference 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 January 2014. The two maturities traded were reopenings with time to maturity of 2 years 7 months for the 3-year bond and 16 years 6 months for the 20-year bond. Total amount offered, subscribed to and allotted were ₦90.00 billion, ₦173.96 billion and ₦90.00 billion, respectively. The bid rates on the two tranches ranged from 10.50 - 17.50 per cent, while the marginal rates were 13.10 and 13.60 per cent. In the preceding month, the 3- and 20-year tenors were re-opened at marginal rates of 13.50 and 13.69 per cent, respectively. The amount offered, subscribed to and allotted, was ₦65.00 billion, ₦100.13 billion and ₦57.73 billion, respectively.

2.3.7 CBN Standing Facilities

Aggregate Standing Lending Facility (SLF) granted during the review month was ₦550.12 billion, reflecting a daily average of ₦28.95 billion, compared with ₦869.98 billion and a daily average of ₦43.40 billion in the preceding month. The total amount granted indicated a decline of 36.8 per cent. The aggregate Standing Deposit Facility (SDF) stood at ₦11,965.22

billion with a daily average of ₦629.75 billion, showing an increase of 170.1 per cent over the level in the preceding month. The developments reflected the liquidity condition in the market during the review period.

2.4 Deposit Money Banks' Activities

Available data indicated that total assets and liabilities of the deposit money banks (DMBs) amounted to ₦24,408.9 billion, showing an increase of 0.3 per cent above the level at the end of the preceding month. Funds were sourced mainly from increased mobilisation of time, savings and foreign currency deposits; accretion to capital; and unclassified liabilities. The funds were used, largely, for the acquisition of foreign assets, unclassified assets and Federal Government securities.

At ₦12,077.7 billion, banks' credit to the domestic economy fell by 1.2 per cent below the level in the preceding month. The development was attributed to the 1.2 per cent fall apiece in claims on the Federal Government and the private sector during the review month.

DMBs' Credit to the domestic economy fell by 1.2 per cent below the level in the preceding month.

Total specified liquid assets of the DMBs stood at ₦6,705.4 billion, representing 40.1 per cent of their total current liabilities. At that level, the liquidity ratio rose by 0.5 percentage point above the level in the preceding month and was 10.1 percentage points above the stipulated minimum ratio of 30.0 per cent. The loans-to-deposit ratio, at 37.5 per cent, was 0.1 and 42.5 percentage points below the levels at the end of the preceding month and the prescribed maximum ratio of 80.0 per cent, respectively.

2.5 Discount Houses' Activities

Available data indicated that total assets and liabilities of the discount houses stood at ₦119.6 billion at end-January 2014, showing a decline of 10.6 per cent below the level at end-December 2013. The development was accounted for, largely, by the 11.3 and 35.7 per cent

fall in claims on the Federal Government and on others, respectively. Correspondingly, the decline in total liabilities was attributed, largely, to the 25.3 per cent fall in money-at-call.

Discount houses' investment in Federal Government securities of less than 91-day maturity rose to ₦36.83 billion and accounted for 42.1 per cent of their total deposit liabilities. Thus, investment in Federal Government Securities was 17.9 percentage points below the prescribed minimum level of 60.0 per cent. At that level, discount houses' investment on NTBs rose by 17.5 per cent above the level at the end of the preceding month. Total borrowing by the discount houses was ₦40.6 billion, while their capital and reserves amounted to ₦20.0 billion. This resulted in a gearing ratio of 2:1, compared with the stipulated maximum target of 50:1 for fiscal 2013.

2.6 Capital Market Developments

2.6.1 Secondary Market

Available data at end-January 2014 indicated that activities on the Nigerian Stock Exchange (NSE) were mixed. The volume of traded equities stood at 8.23 billion shares, indicating a decrease of 18.0 per cent below the level in the preceding month, while the value of traded equities stood at ₦91.0 billion, indicating an increase of 28.0 per cent, above the level in the preceding month, in 121,976 deals. Most of the transactions were accounted for by trading activities in the Financial Services Sector with 4.7 billion shares valued at ₦41.4 billion traded in 57,781 deals. The Banking Sub-sector remained the most active (measured by volume of shares traded on the Exchange) followed by the oil and gas industry.

Figure 4: Volume and Value of Traded Securities

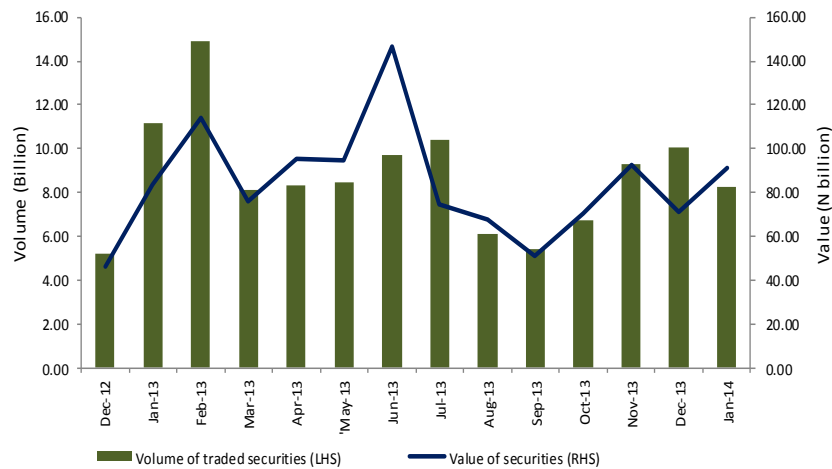


Table 3: Traded Securities on the Nigerian Stock Exchange (NSE)

	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14
Volume (Billion)	11.2	14.93	8.12	8.3	8.5	9.7	10.4	6.1	5.4	6.7	9.3	10.04	8.23
Value (N Billion)	83.3	114.34	75.93	95.31	94.36	146.9	74.9	67.8	51.1	70.6	92.3	71.12	91.0

2.6.2 Over-the-Counter (OTC) Bonds Market

Transactions on the Over-the-Counter (OTC) bonds market indicated a turnover of 15.9 million units, worth ₦15.7 billion in 21 deals during January 2014, compared with 266.5 million units, worth ₦278.1 billion in 1,328 deals recorded in December 2013.

2.6.3 New Issues Market

There were two (2) new and one (1) supplementary listings during the review month.

Table 4: Supplementary Listing on the Nigerian Stock Exchange

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

2.6.4 Market Capitalization

The aggregate market capitalization for all the listed securities (Equities and Bonds) stood at ₦17.7 trillion at end-January 2014, indicating a decline of 7.3 per cent below the level at the end of the preceding month. Market capitalization for the equities segment also fell by 1.5 per cent to close at ₦13.0 trillion at end-January 2014, compared with ₦13.2 trillion at the end of December 2013.

2.6.5 NSE All-Share Index

The All-Share Index, which opened at 41,329.19 at the beginning of the month, closed at 40,571.62, representing a decrease of 1.8 per cent from the level in the preceding month. Similarly, two of the sectoral indices, (NSE- Industrial and NSE-ASeM) appreciated by 2.6 and 0.1 per cent above its preceding month's levels, while the NSE-Lotus Index remained unchanged. The NSE Oil/Gas, NSE Banking, NSE-Consumer Goods, and NSE Insurance indices fell by 11.1, 7.2, 4.5 and 3.2 per cent below their levels at end-December 2013.

Figure 5: Market Capitalization and All-Share Index

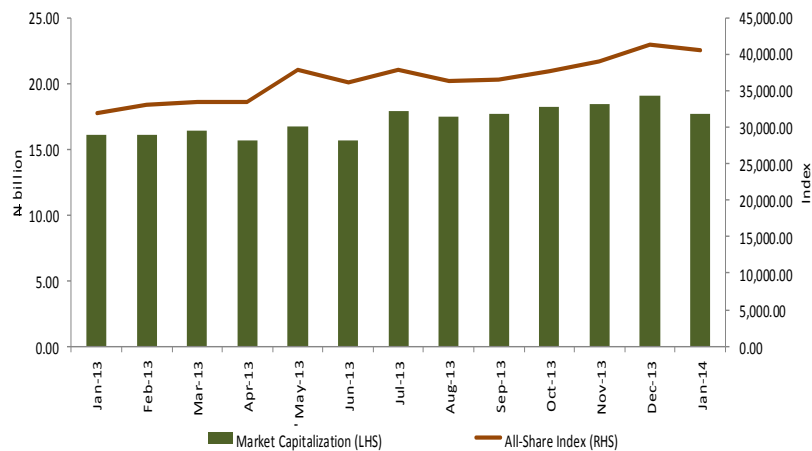


Table 5: Market Capitalization and All Share Index (NSE)

	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14
Market Capitalization (₦ trillion)	15.7	17.9	17.5	17.7	18.2	18.4	19.1	17.7
All-Share Index	36,164.31	37,914.33	36,248.53	36,585.08	37,62,274.00	38,920.85	41,329.19	40,571.62

3.0 Fiscal Operations

3.1 Federation Account Operations

Available data showed that estimated federally-collected revenue (gross) in January 2014, at ₦674.7 billion, was below the receipts in the preceding month and the corresponding period of 2013 by 6.0 and 12.8 per cent, respectively. The decline relative to receipts in the corresponding period of 2013 was attributed to the decline in gross oil revenue during the review period (Fig. 6, Table 6).

Gross federally-collected revenue declined below both the levels in the preceding month and the corresponding period of 2013.

Figure 6: Components of Gross Federally-Collected Revenue

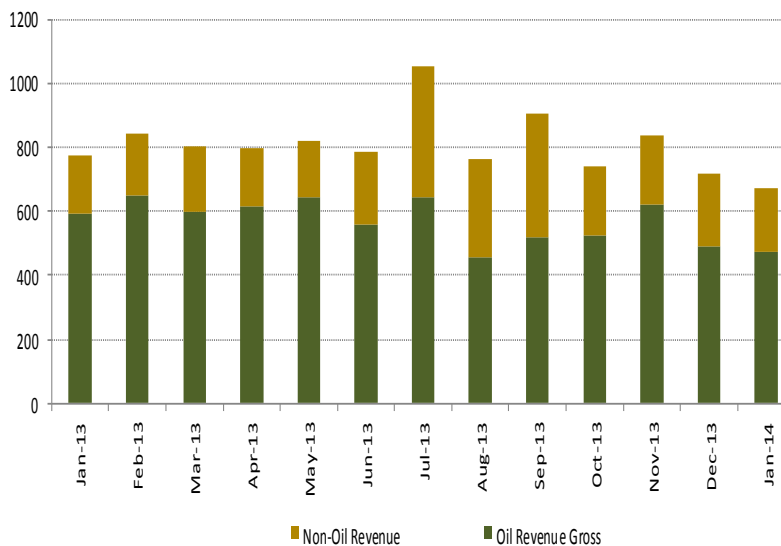


Table 6: Gross Federation Account Revenue (₦ billion)

	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14
Federally-collected revenue (Gross)	773.3	861.1	806.4	785.9	795.5	783.3	1079.7	760.9	905.3	740.3	744.0	717.6	674.7
Oil Revenue	591.4	647.6	595.3	613.4	641.0	559.4	645.7	457.2	519.9	526.4	521.3	490.8	474.4
Non-Oil Revenue	181.9	213.4	211.2	172.6	154.5	223.9	434.1	303.7	385.4	214.0	222.7	226.8	200.3

At ₦474.40 billion, oil receipts (gross), which constituted 70.3 per cent of the total revenue, was lower than the receipts in the preceding month and the corresponding period of 2013, by 3.3 and 19.8 per cent,

respectively. The fall in oil receipts relative to receipts in the preceding month, was attributed to the decline in receipts from Petroleum Profit Tax (PPT) and Royalties (Fig. 7, Table 7).

Figure 7: Gross Oil Revenue and Its Components

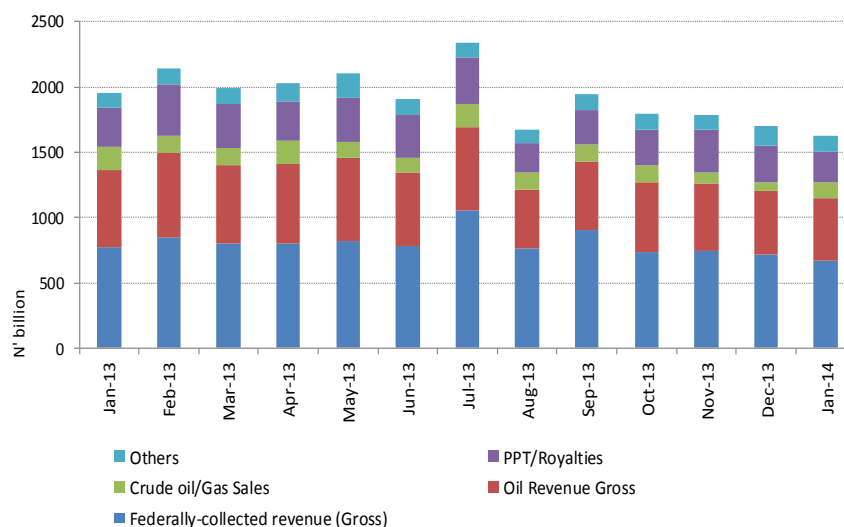
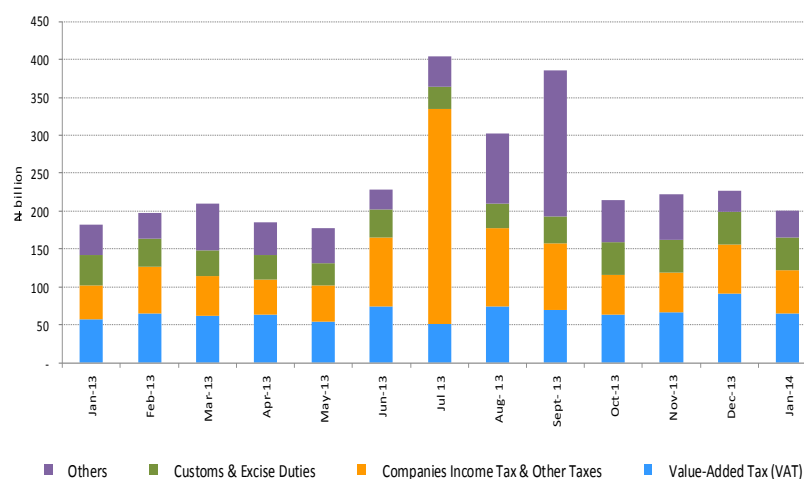


Table 7: Components of Gross Oil Revenue (N' billion)

	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14
Oil Revenue	591.4	647.6	595.3	613.4	641.0	559.4	645.7	457.2	519.9	526.4	521.3	717.6	674.7
Crude oil/Gas Sales	172.9	129.9	136.4	173.6	118.7	111.5	173.1	129.0	138.0	139.0	78.2	490.8	474.4
Domestic crude oil/G	117.7	119.4	112.6	133.4	187.8	114.3	113.8	109.3	118.0	124.0	114.7	145.3	123.0
PPT/Royalties	300.5	398.0	331.7	305.4	334.3	333.3	358.6	218.6	263.2	263.1	325.9	286.4	231.7
Others	0.3	0.3	14.6	0.9	0.2	0.3	0.2	0.3	0.7	0.2	2.5	0.4	0.2

Non-oil receipts (gross) declined relative to the monthly budget estimate, but an increase in the corresponding period of 2013.

Non-oil receipts (gross), at ₦200.27 billion or 29.7 per cent of the total, was 11.7 per cent lower than the receipts in the preceding month. Relative to the corresponding month of 2013, non-oil receipts, however, rose by 10.1 per cent. The decline in non-oil revenue relative to the preceding month reflected, largely, the lower receipts from Corporate Tax and VAT during the review month.

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

	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sept-13	Oct-13	Nov-13	Dec-13	Jan-14
Non-Oil Revenue	181.9	213.4	211.2	185.6	154.5	223.9	434.1	303.7	385.4	214.0	222.7	226.8	200.3
Value-Added Tax (VAT)	57.5	65.3	62.7	64.2	54.6	74.9	51.2	74.2	69.0	63.9	66.4	91.7	64.7
Companies Income Tax & Other Taxes	45.1	62.2	51.0	45.3	48.1	89.7	283.6	103.0	88.4	52.0	52.4	64.7	57.7
Customs & Excise Duties	39.6	36.4	34.0	32.0	28.2	37.0	29.1	33.0	35.4	42.5	44.1	42.3	43.1
Others	39.7	49.5	63.5	44.0	23.6	22.4	70.2	93.5	192.6	55.5	59.9	28.1	34.7

Of the federally-collected revenue (gross), the sum of ₦468.28 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 ₦221.16 billion, while the state and local governments received ₦112.18 billion and ₦86.48 billion, respectively. The balance of ₦48.46 billion was credited to the 13.0% Derivation Fund for sharing by the oil-producing states. From the VAT Pool Account, the Federal Government received ₦9.32 billion, while the state and local governments received ₦31.07 billion and ₦21.75 billion, respectively. Overall, the total allocation to the three tiers of government from the Federation and VAT Pool Accounts in the month amounted to ₦573.58 billion.

3.2 The Fiscal Operations of the Three Tiers of Government

3.2.1 The Federal Government

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

At ₦262.88 billion, the estimated Federal Government retained revenue for January 2014 was lower than the receipts in the preceding period by 10.5 per cent, but exceeded the receipts in the corresponding period of 2013 by 0.4 per cent. Of the total amount, the Federation Account accounted for 84.1 per cent, while SURE-P, FGN Independent Revenue and VAT Pool Accounts, accounted for 6.2, 6.2 and 3.5 per cent, respectively (Fig. 9, Table 9).

Figure 9: Sources of Federal Government Retained Revenue

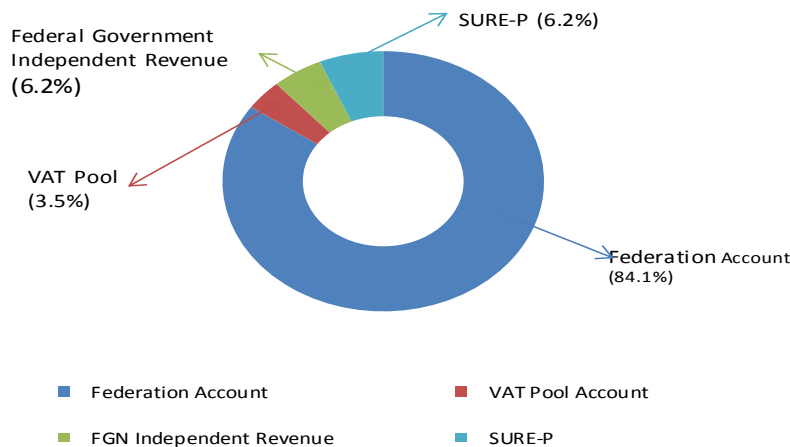


Table 9: Federal Government Fiscal Operations (₦ billion)

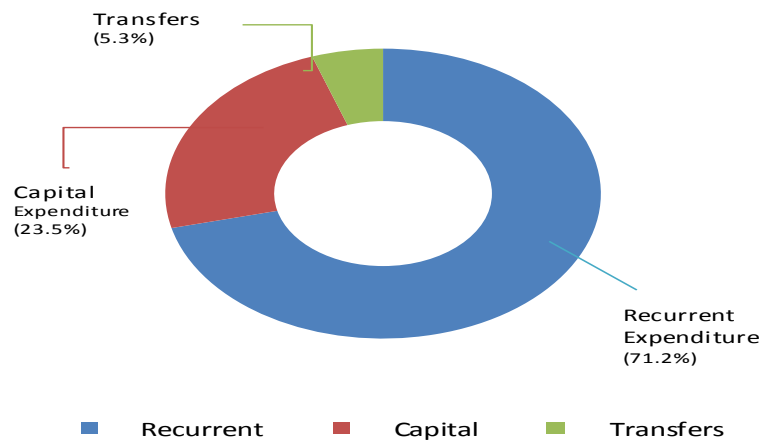
	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14
Retained Revenue	261.9	272.4	426.0	315.6	283.0	358.8	353.1	261.9	379.6	276.0	252.6	293.7	262.9
Expenditure	159.8	588.0	331.8	495.3	335.0	384.7	446.5	343.3	348.1	337.6	342.0	409.1	368.4
Overall Balance: (+)/(-)	102.0	-315.7	37.8	-179.7	-52.1	-25.8	-93.5	-81.5	31.5	-61.7	-89.5	-115.4	-105.5

At ₦368.35 billion, total estimated expenditure for January 2014 was lower than the provisional monthly budget estimate by 23.7 per cent, but was above the level in the preceding period of December 2013 by 10.0

per cent. A breakdown of total expenditure showed that the recurrent expenditure accounted for 71.2 per cent, while the capital expenditure and the transfer components accounted for the balance of 23.5 and 5.3 per cent, respectively. Non-debt-obligations accounted for 76.5 per cent of the total recurrent expenditure, while debt service payments accounted for the balance of 23.5 per cent (Fig. 10).

Total estimated expenditure for January 2014 fell below the monthly budget estimate.

Figure 10: Federal Government Expenditure



Thus, the fiscal operations of the Federal Government resulted in an estimated deficit of ₦105.47 billion, compared with the provisional 2013 monthly budget deficit estimate of ₦73.92 billion for 2014.

The fiscal operations of the FG resulted in an estimated deficit of ₦105.47 billion in January 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 ₦209.32 billion. This was lower than the level in the preceding month by 14.9 per cent, but exceeded the level in the corresponding period of December-2013 by 2.0 per cent.

The breakdown showed that, at ₦31.07 billion or 14.8 per cent of the total, receipts from the VAT Pool Account was 29.4 per cent below the level in the preceding period of December 2013, but was 12.5 per cent above the level in the corresponding period of

2013. At ₦178.25 billion or 85.2 per cent of the total, state governments' receipt from the Federation Account was 11.7 per cent below the level in the preceding month, but was 0.4 per cent higher 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 ₦117.49 billion in January 2014. This was lower than the level in the preceding month by 15.3 per cent, but was 3.4 per cent above the level in the corresponding period of 2013. Of this amount, receipts from the Federation Account was ₦95.74 billion (81.5 per cent of the total), while the VAT Pool Account accounted for ₦21.75 billion (18.5 per cent of the total).

4.0 Domestic Economic Conditions

The dominant agricultural activities in January 2014 were harvesting of tree crops and clearing lands for the 2014 cropping season. In the livestock sub-sector, farmers intensified the raising of broilers and layers to replenish sales during the last festive season. Crude oil production was estimated at 1.92 million barrels per day (mbd) or 59.5 million barrels during the month. The end-period inflation rate for January 2014, on a year-on-year basis, was 8.0 per cent, same level as in the preceding month. The inflation rate on a 12-month moving average basis was 8.4 per cent, compared with the preceding month's level of 8.5 per cent.

4.1 Agricultural Sector

During the month of January 2014, agricultural activities witnessed the prevalence of dry harmattan weather across the country. The major farming activities in the southern states were harvesting of tree crops and fruits; and clearing of land for the 2014 cropping season. In the northern states, the predominant operation was cultivation of irrigated lands. In the livestock sub-sector, farmers intensified the raising of broilers and layers to replenish the stock sold off during the last festive season.

A total of ₦1,056.3 million was guaranteed to 2,060 farmers under the Agricultural Credit Guarantee Scheme (ACGS) in the review month. This represented an increase of 12.5 per cent and 68.7 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 ₦923.3 million (87.4 per cent) guaranteed to 1,653 beneficiaries, the livestock sub-sector received ₦74.7 million (7.1 per cent) for 192 beneficiaries, while fisheries sub-sector received ₦27.8 million (2.6 per cent) guaranteed to 84 beneficiaries. The mixed crops sub-sector received ₦18.2 million (1.7 per cent) guaranteed to 65 beneficiary, cash crops sub-sector got ₦6.2 million (0.6 per cent) for 20 beneficiaries, while "Others" share was ₦6.1 million (0.6 per cent) for 46 beneficiaries.

Analysis by state showed that 23 states benefited from the Scheme during the review month, with the highest and lowest sums of ₦500 million (47.3 per cent) and ₦0.1 million (0.02 per cent) guaranteed to Jigawa and Borno States, respectively.

At end-January 2014, the total amount released by the CBN under the Commercial Agriculture Credit Scheme (CACs) to the participating banks for disbursement stood at N 228.2 billion (for 307 projects).

At end-January 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) January 2014.

S/N	Participating Banks	Amount Disbursed (N 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

Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at an average of 1.92 million barrels per day (mbd) or 59.5 million barrels for the month. This was 0.05 mbd or 2.7 per cent below the average of 1.87 mbd or 57.9 million barrels produced in the preceding month.

Crude oil export was estimated at 1.47 mbd or 45.6 million barrels. This represented an increase of 3.5 per cent above the 1.42 mbd or 44.0 million barrels recorded in the preceding month. Deliveries to the refineries for domestic consumption remained at 0.45 mbd or 13.95 million barrels during the review month.

At an estimated average of US\$110.19 per barrel, the price of Nigeria's reference crude, the Bonny Light (37° API), fell by 2.6 per cent below the level in the preceding month. The average prices of other competing crudes, namely the West Texas Intermediate at US\$92.78 per barrel; the U.K Brent at US\$108.71 per barrel; and the Forcados at US\$111.08 per barrel, also showed similar trend as the Bonny Light.

The average price of OPEC's basket of eleven crude streams, at US\$104.71 per barrel, indicated a decline of 2.8 and 4.2 per cent, compared with the US\$107.67 and US\$109.28 per barrel recorded in the preceding month and the corresponding period of 2013, respectively. (Fig. 11, Table 11).

Crude oil and natural gas production was estimated at an average of 1.92 million barrels per day.

The average price of Nigeria's reference crude, the Bonny Light, fell by 2.6 per cent below the level in the preceding month. Prices of the U.K Brent, the Forcados and the West Texas Intermediate also fell during the month.

Figure 11: Trends in Crude Oil Prices

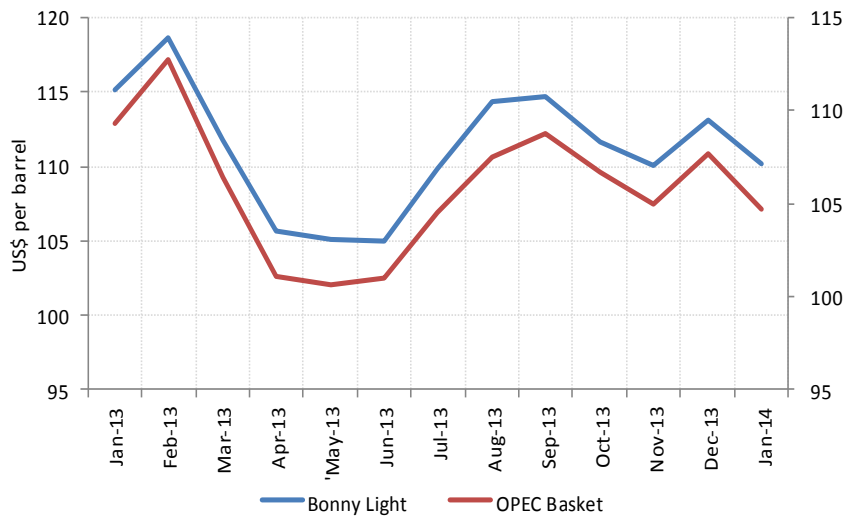


Table 11: Average Crude Oil Prices in the International Oil Market

	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14
Bonny Light	115.58	118.68	111.77	105.68	105.05	105	109.88	114.38	114.73	111.69	110.07	113.11	110.19
OPEC Basket	109.28	112.75	106.44	101.05	100.65	101.03	104.51	107.52	108.73	106.69	104.97	107.67	104.71

4.3 Consumer Prices

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

Available data showed that the all-items composite Consumer Price Index (CPI) in January 2014 was 153.3 (December 2013=152.3), representing an increase of 0.7 and 8.0 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-January 2014 was 152.2 (December 2013=154.3), indicating an increase of 0.1 per cent above the level in the preceding month. The

rural all-items CPI for the month, was 154.4 (December 2013=153), indicating an increase of 0.7 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 8.0 per cent, same as in the preceding month. Compared with the corresponding period of 2013, it showed a decline of 1.0 percentage point. The inflation rate on a twelve-month moving average basis was 8.4 per cent, compared with 8.5 per cent in the preceding month (Fig. 13, Table 12).

The year-on-year headline inflation rate, at 8.0 per cent, remained unchanged for both December 2013 and January 2014.

The composite food index was 155.5, indicating an increase of 0.8 per cent over the level in the preceding month. This development was accounted for by the increase in the indices of bread and cereals, meat and sugar, jam, honey, chocolate and confectionery classes.

Figure.12: Consumer.Price.Index

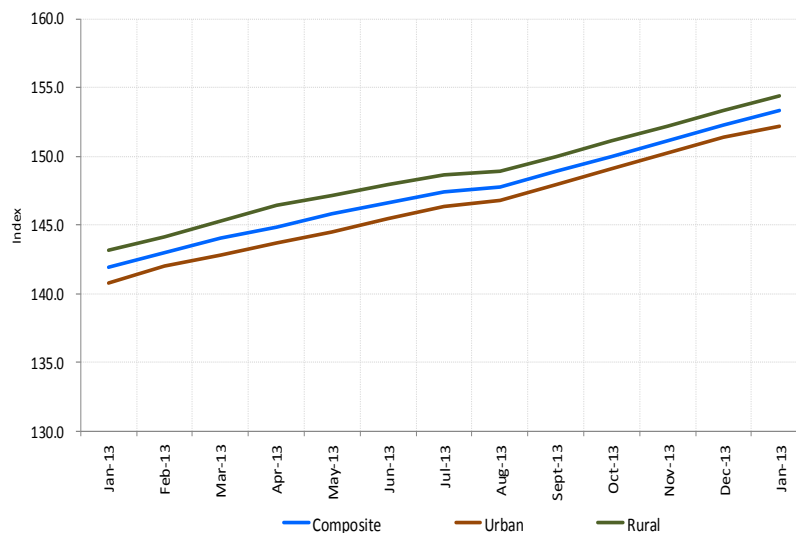


Table 12: Consumer Price Index (November 2009=100)

	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14
Composite	141.9	143.0	144.0	144.8	145.8	146.6	147.4	147.8	158.9	150.0	151.1	152.3	153.3
Urban	140.8	142.0	142.0	143.7	144.5	145.5	146.3	146.8	147.9	149.1	150.2	151.4	152.2
Rural	143.2	144.1	145.3	146.4	147.1	147.9	148.6	148.9	150.0	151.1	152.2	153.3	154.4
CPI - Food	142.3	143.3	144.6	145.6	146.4	147.5	148.4	149.2	150.4	151.6	152.9	154.3	155.5
CPI - Non Food	143.8	143.8	144.8	144.5	145.2	145.5	147.4	149.1	150.0	150.9	151.8	153.0	153.3

Figure 13: Inflation Rate

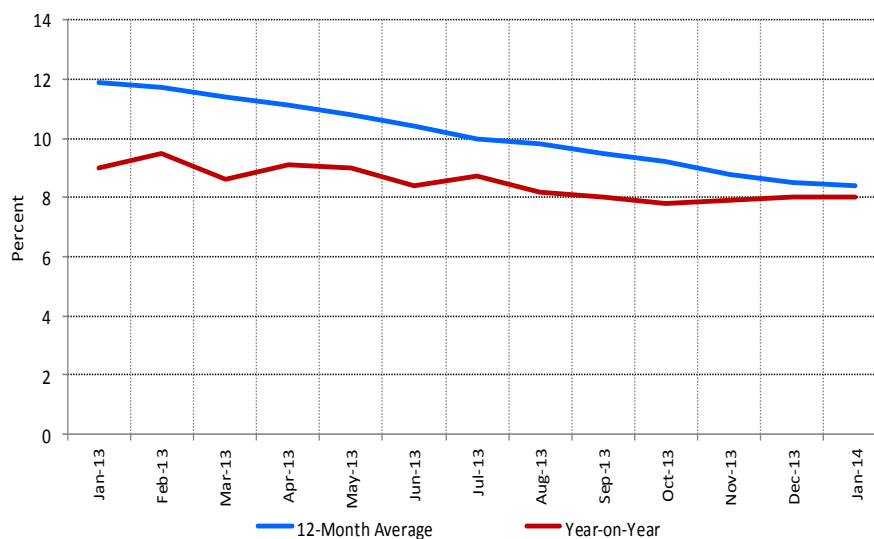


Table 13: Headline Inflation Rate (%)

	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14
12-Month Average	11.9	11.7	11.4	11.1	10.8	10.4	10.0	9.8	9.5	9.2	8.8	8.5	8.4
Year-on-Year	9.0	9.5	8.6	9.1	9.0	8.4	8.7	8.2	8.0	7.8	7.9	8.0	8.0

5.0 External Sector Developments

Provisional data indicated that foreign exchange inflow through the CBN fell by 19.6 per cent, while outflow increased by 23.3 per cent, relative to their levels in the preceding month. Total non-oil export receipts by banks increased by 30.1 per cent above the level in the preceding month. The gross external reserves fell by 5.1 per cent below the preceding month's level. The average exchange rate of the naira vis-à-vis the US dollar, depreciated by 0.01 per cent to ₦157.29 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 month of January 2014 was US\$2.54 billion and US\$4.65 billion, respectively, resulting in a net outflow of US\$2.11 billion, compared with the net outflow of \$0.69 billion in the preceding month, but was in contrast to the net inflow of \$1.78 billion recorded in the corresponding period of 2013. Relative to the level in the preceding month and the corresponding period of 2013, inflow fell by 19.6 and 23.4 per cent, respectively. The decrease in inflow was attributed to the 22.2 per cent decline in receipts from crude oil sales. Outflow rose by 23.3 and 202.5 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, BDCs and interbank sales which amounted to US\$2.99 billion, US\$0.56 billion and US\$0.49 billion, respectively (Fig. 14, Table 14).

Foreign exchange inflow through the CBN decreased by 19.6 per cent, while outflow rose by 23.3 per cent in January 2014.

Figure 14: Foreign Exchange Flows through the CBN

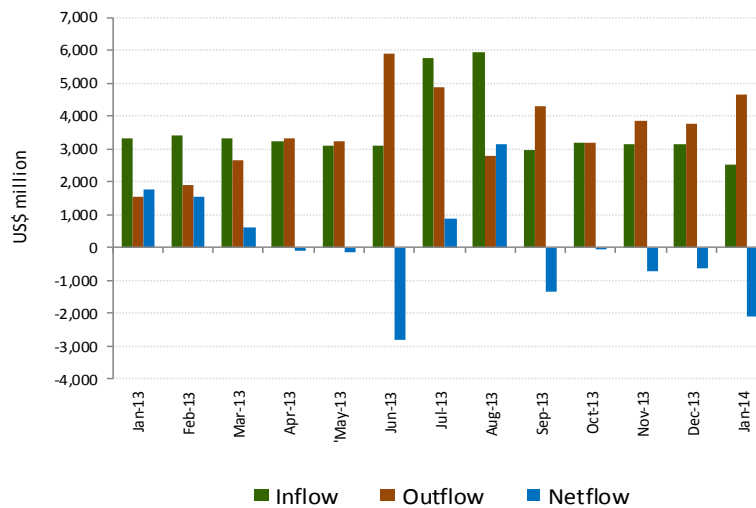


Table 14: Foreign Exchange Flows through the CBN (US\$ million)

	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14
Inflow	3320.8	3423.6	3302.6	3238.8	3095.5	3108.6	5778.3	5953.4	2946.0	3175.3	3125.5	3164.8	2543.6
Outflow	1538.1	1884.1	2671.5	3319.4	3233.7	5897.6	4891.3	2796.6	4308.1	3177.7	3837.8	3774.0	4652.2
Netflow	1782.7	1539.5	631.1	-80.5	-138.2	-2789.0	887.0	3156.9	-1362.0	-2.4	-712.4	-609.3	-2108.6

Provisional data on aggregate foreign exchange flow through the economy indicated that total inflow was US\$12.13 billion, representing a decrease of 2.9 and 0.2 per cent below the levels at the end of the preceding month and the corresponding period of 2013, respectively. The development was driven by the decline in receipt from crude oil exports. Of the total inflow, receipts through the CBN and autonomous sources accounted for 21.0 and 79.0 per cent, respectively.

Autonomous inflows into the economy fell by 2.8 per cent in January 2014 relative to the preceding month.

Non-oil public sector inflow, at US\$0.17 billion (1.4 per cent of the total), rose by 46.3 and 6.3 per cent above the levels in the preceding month and the corresponding period of 2013, respectively. Autonomous inflow, which accounted for 79.0 per cent of the total, rose marginally by 2.8 per cent above the level in the preceding month.

At US\$4.76 billion, aggregate foreign exchange outflow from the economy rose by 15.9 and 204.6 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\$7.4 billion in the review month, compared with US\$8.4 billion and US\$10.6 billion in the preceding month and the corresponding month of 2013, respectively.

5.2 Non-Oil Export Earnings by Exporters

Provisional data indicated that total non-oil export earnings, at US\$379.07 million, rose by 30.1 per cent above the level in the preceding month. The development reflected, largely, the 191.2 and 22.6 per cent increase in export receipts from agricultural and manufactured sectors, respectively. A breakdown by sectors showed that proceeds of manufactured, industrial, agriculture, minerals and food products sub-sectors stood at US\$185.98, US\$115.36, US\$56.21, US\$16.20 and US\$5.32 million, respectively. The transport sector recorded no receipts during the review month.

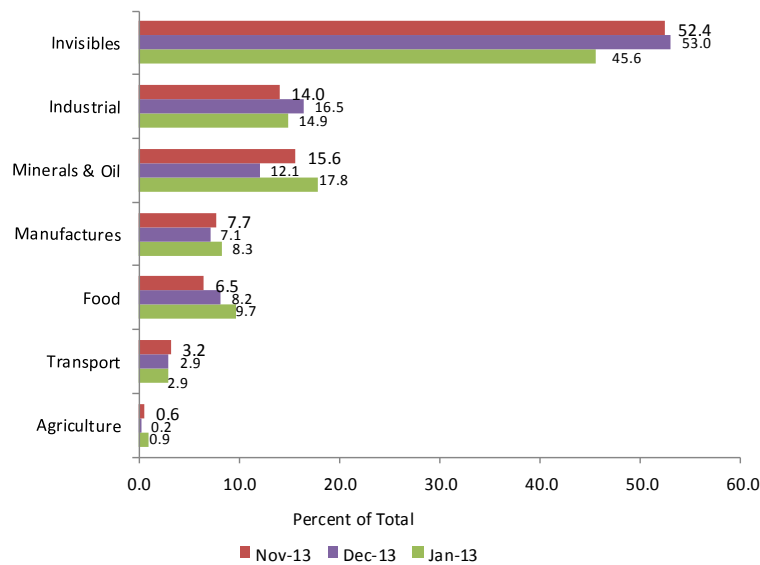
The shares of manufactured, industrial, agriculture, minerals and food products sub-sectors in non-oil export proceeds were 49.1, 30.4, 14.8, 4.3, and 1.4 per cent, respectively.

5.3 Sectoral Utilisation of Foreign Exchange

The invisible sector accounted for the bulk (45.6 per cent) of total foreign exchange disbursed in January 2014, followed by minerals and oil sector (17.8 per cent). Other beneficiary sectors, in a descending order included: industrial sector (14.8 per cent), food products (9.7 per cent), manufactured product (8.3 per cent), transport (2.9 per cent) and agricultural products (0.9 per cent) (Fig.15).

Total non-oil export earnings by exporters increased in January 2014, on account of increase in the earnings from manufactured and agriculture sector.

The invisible sector accounted for the bulk of the total foreign exchange disbursed in January 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), Bureau-de-change (BDC) and rDAS-Forward contract was US\$6.79 billion in January 2014. This indicated an increase of 56.9 and 495.9 per cent above the levels in the preceding month and the corresponding month of 2013, respectively. The rise in aggregate demand was attributed to the 58.9 and 37.4 per cent increase in demand at the rDAS-spot and BDC segments of the market. A total of US\$4.04 billion was sold by the CBN to authorized dealers during the period, reflecting an increase of 42.9 and 296.3 per cent above the levels in the preceding month and the corresponding period of 2013, respectively (Fig.16, Table 15).

Figure 16: Demand for and Supply of Foreign Exchange

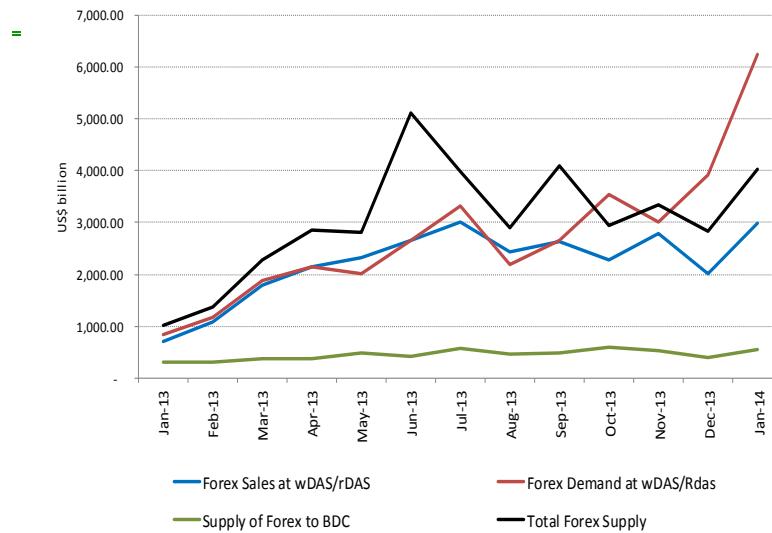


Table 15: Demand for and Supply of Foreign Exchange (US\$ billion)

	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14
Forex Sales at wDAS/rDAS	713.5	1072.8	1801.5	2154.5	2318.7	2650.0	3000.0	2437.1	2625.2	2274.4	796.5	2007.8	2989.4
Forex Demand at wDAS	836.4	1164.3	1911.3	2156.2	2019.2	2661.3	3325.6	2179.4	2660.1	3541.9	3006.3	3925.5	6236.7
Supply of Forex to BDC	303.5	299.3	365.0	381.0	487.6	427.2	575.4	466.5	480.5	598.4	522.7	404.8	556.3
Total Forex Supply	1019.1	1372.1	2276.5	2848.2	2806.3	5118.2	3988.6	2903.6	4084.3	2941.5	3335.6	2826.6	4038.7

Under the rDAS, the average exchange rate of the naira vis-à-vis the US dollar, depreciated by 0.01 per cent to ₦157.29 per US dollar, compared with ₦157.27 in the preceding month, but showed an appreciation of 0.01 per cent above the ₦157.30 recorded in the corresponding period of 2013. At the BDC segment, the average exchange rate depreciated by 0.2 and 7.9 per cent to ₦171.71 per US dollar, below the respective levels in the preceding month and the corresponding period of 2013. The average exchange rate at the inter-bank segment, depreciated by 0.7 and 2.0 per cent, below the respective levels in the preceding month and the corresponding period of 2013 to ₦160.23 per US dollar.

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

Consequently, the premium between the rDAS and Bureau-de-change widened to 9.2 per cent from 9.0

per cent in the preceding month. The premium between the inter-bank and rDAS also widened to 1.9 per cent from 1.1 per cent in the preceding month.

Figure 17: Average Exchange Rate Movement

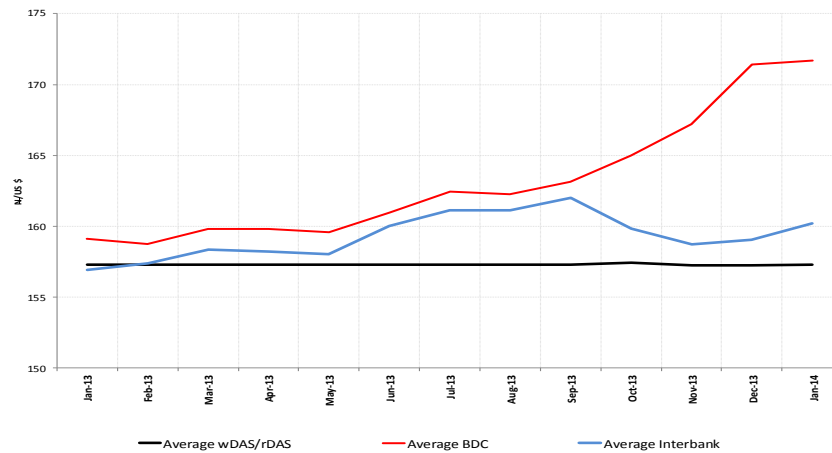
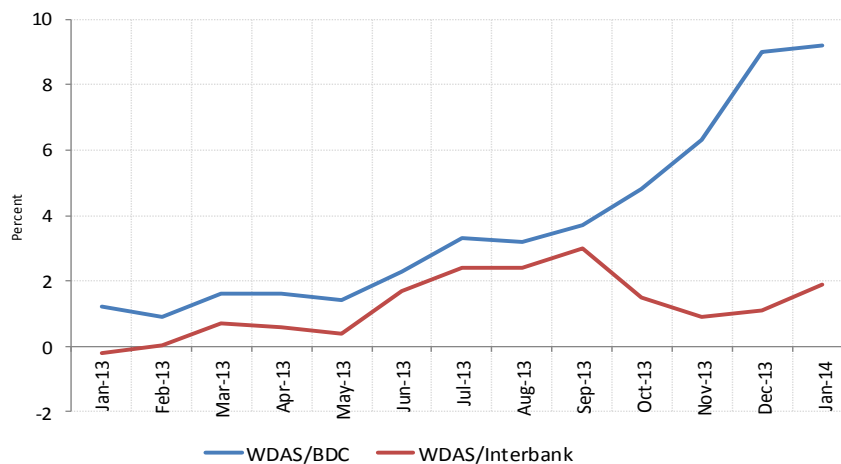


Table 16: Exchange Rate Movements and Exchange Rate Premium

	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14
Average Exchange Rate (N/US\$)													
wDAS/rDAS	157.3	157.3	157.31	157.31	157.3	157.31	157.32	157.3	157.3	157.4	157.3	157.3	157.3
BDC	156.1	158.8	159.8	159.8	159.6	161.0	162.4	162.3	163.1	165.0	167.2	171.4	171.7
Interbank	157.0	157.4	158.4	158.2	158.0	160.0	161.1	161.2	162.0	159.8	158.7	159.1	160.2
Premium (%)													
WDAS/BDC	1.2	0.9	1.6	1.6	1.4	2.3	3.3	3.2	3.7	4.8	6.3	9.0	9.2
WDAS/Interbank	-0.22	0.05	0.7	0.6	0.4	1.7	2.4	2.4	3	1.5	0.9	1.1	1.9

Figure 18: Exchange Rate Premium



5.5 Gross External Reserves

The gross external reserves at the end of January 2014 stood at US\$40.67 billion, indicating a decline of 5.1 and 11.2 per cent from 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\$2.25 billion (5.5 per cent), Federal Government holding was US\$2.67 billion (6.6 per cent) and CBN reserves stood at US\$35.74 billion (87.9 per cent), (Fig. 19, Table 16).

Gross external reserves decreased in January 2014.

Figure 19: Gross External Reserves

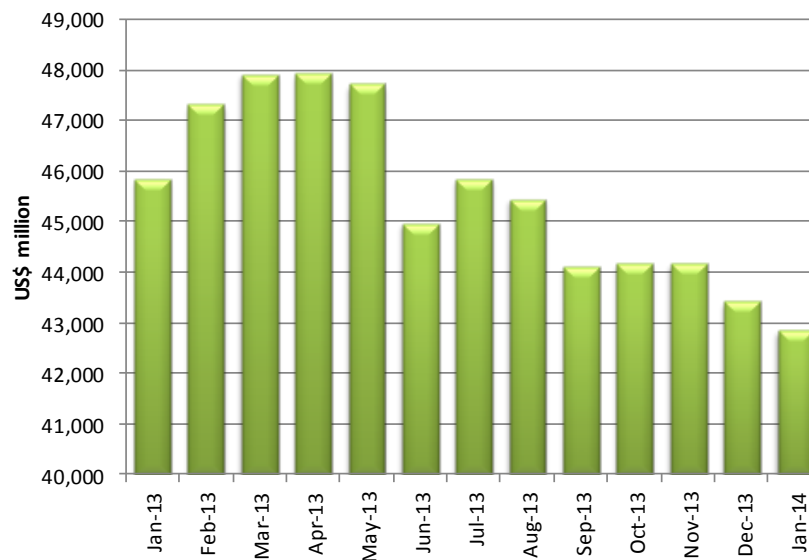


Table 17: Gross External Reserves (US\$ million)

Period	Jan-13	Mar-13	Jun-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14
External Reserves	45,824.44	47,884.12	44,957.00	44,108.48	44,155.11	43,414.20	42,847.31	40,667.56

6.0 *Other International Economic Developments and Meetings*

World crude oil output in January 2014 was estimated at an average of 90.44 million barrels per day (mbd), while demand was at 90.00 million barrels per day (mbd), compared with 90.18 and 90.93 mbd supplied and demanded, respectively, in the preceding month. The increase in world output was attributed to the increase in production in Iran, Algeria and Saudi Arabia, while the slight decline in demand was attributed to slow pace of economic activities in the United States and some parts of Eurozone countries.

The International Monetary Fund (IMF) released the January 2014 World Economic Outlook (WEO) on January 21, 2014. The report revealed that global activity strengthened during the second half of 2013, as it was anticipated in the October 2013 World Economic Outlook (WEO). It also noted that activity was expected to improve further in 2014 – 2015, largely, on account of expected recovery in the advanced economies.

Other major international economic developments and meetings of importance to the domestic economy during the review period included: the 2014 World Economic Forum held from January 22-25, 2014 at Davos, Switzerland with the theme “The Reshaping of the World: Consequence for Society, Politics and Business”. The main pillars of the meeting were: “Achieving Inclusive Growth; and Meeting Society’s New Expectations through Innovations”. Other issues of importance discussed at the meeting include: issues relating to global economy, global energy, technology, leadership, natural resources, sustainable growth, health and environment, amongst others.

The 22nd Assembly of Heads of State and Government of the African Union was held in Addis Ababa, Ethiopia from January 21 – 31, 2014. The theme of the Summit was “Transforming Africa’s Agriculture: Harnessing

Opportunities for Inclusive Growth and Sustainable Development". The leaders discussed issues relating to agricultural development and transformation in Africa. The Summit also marked the 10th anniversary of the Comprehensive Africa Agriculture Development Programme (CAADP).

The African Development Bank (AfDB) and the African Union Commission (AUC) on January 29, 2014 signed a new project grant. The project was aimed at strengthening the capacity of African countries. It would focus on coordinating the implementation of regional infrastructure programmes and projects necessary for enhancing Africa's physical and economic integration and socio-economic transformation of Africa.

The 2013 Statutory Meetings of the West African Monetary Agency (WAMA), West African Monetary Institute (WAMI) and West African Institute for Financial and Economic Management (WAIFEM) were held in Banjul, The Gambia from January 8 - 17, 2014. Also, the 30th meeting of the Committee of Governors (COG) of WAMZ was held. Major highlights of decisions taken by the Committee of Governors include:

- The computation of non-performing loans (NPLs) across the zone should be standardized based on Basel core principles reporting templates to ensure a uniform reporting format across member states;
- The COG directed that the extent to which member states have implemented the recommendations of the roadmap of the ECOWAS Monetary Cooperation Programme (EMCP) should also be reported at the next meeting;
- Accepted the proposal on the fast-track approach where two countries (Nigeria and Ghana) would drive the single currency programme by going into the monetary union before other member countries would follow; and
- It approved the report of the College of Supervisors of the WAMZ (CSWAMZ) and directed

the college to undertake a study on “Dollarization in the Zone” as well as a “Gap analysis on prudential guidelines in the Zone”.

APPENDIX TABLES

Table A1: Money and Credit Aggregates

	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14
Domestic Credit (Net)	13,294.5	13,820.1	13,187.6	13,087.8	13,627.6	14,092.8	15,040.7	15,107.8
<i>Claims on Federal Government (Net)</i>	(2,397.5)	(1,976.4)	(2,913.7)	(3,191.4)	(2,648.7)	(2,358.9)	(1,468.8)	(1,265.2)
Central Bank (Net)	(3,374.8)	(2,855.4)	(3,007.4)	(2,990.6)	(2,735.4)	(2,606.4)	(2,101.6)	(1,890.4)
Banks	937.5	833.7	53.2	(242.2)	(45.6)	214.3	597.0	581.5
Merchant Bank	39.7	45.3	40.5	41.4	41.1	33.2	36.6	44.4
Non Interest Banks	-	-	-	-	-	-	(756.7)	(756.7)
<i>Claims on Private Sector</i>	15,692.0	15,796.5	16,101.3	16,279.2	16,276.4	16,451.7	16,509.5	16,373.1
Central Bank	4,703.3	4,651.4	4,638.3	4,820.2	4,835.4	4,829.9	4,917.5	4,920.6
Banks	10,949.1	11,103.0	11,418.4	11,420.6	11,401.2	11,580.8	11,543.6	11,403.9
Merchant Bank	32.2	34.6	37.0	31.2	30.9	31.5	37.9	37.9
Non Interest Banks	7.4	7.5	7.6	7.3	8.9	9.5	10.4	10.7
<i>Claims on Other Private Sector</i>	15,031.0	15,073.1	15,376.4	15,574.3	15,568.9	15,720.5	15,706.8	15,555.8
Central Bank	4,703.3	4,651.4	4,638.2	4,820.2	4,835.4	4,829.9	4,893.9	4,894.6
Banks	10,288.8	10,380.3	10,694.2	10,716.3	10,694.2	10,851.0	10,767.0	10,615.1
Merchant Bank	31.5	33.9	36.3	30.5	30.5	30.0	36.5	36.4
Non Interest Banks	7.4	7.5	7.6	7.3	8.9	9.6	9.4	9.7
<i>Claims on State and Local Governm</i>	661.0	723.4	724.9	704.9	707.4	731.2	779.1	791.2
Central Bank	-	-	-	-	-	-	-	-
Banks	660.4	722.7	724.2	704.2	707.0	729.8	776.7	788.8
Merchant Bank	0.7	0.7	0.7	0.7	0.4	1.4	1.4	1.4
Non Interest Banks	-	-	-	-	-	-	1.0	1.0
<i>Claims on Non-financial Public Ente</i>	-	-	-	-	-	-	-	-
Central Bank	-	-	-	-	-	-	-	-
Banks	-	-	-	-	-	-	-	-
Foreign Assets (Net)	9,017.0	8,907.7	8,992.4	8,923.5	8,897.1	8,680.9	8,513.3	8,243.4
Central Bank	7,413.7	7,249.5	7,274.6	7,177.6	7,119.6	7,016.4	6,898.5	6,471.6
Banks	1,599.5	1,654.7	1,713.3	1,745.9	1,773.9	1,662.0	1,611.7	1,765.1
Merchant Bank	1.9	2.0	3.0	1.4	1.8	0.8	1.1	4.5
Non Interest Banks	1.8	1.5	1.4	1.4	1.8	1.7	1.9	2.2
Other Assets (Net)	6,718.2	(7,916.4)	(7,561.7)	(7,648.9)	(7,994.8)	(8,038.8)	(7,885.0)	(7,885.9)
Total Monetary Assets (M2)	15,593.3	14,811.4	14,619.3	14,362.5	14,529.9	14,734.9	15,669.0	15,465.4
Quasi-Money 1/	8,653.6	8,288.5	8,348.5	8,068.6	8,069.5	8,356.4	8,656.1	8,711.7
Money Supply (M1)	6,939.6	6,522.9	6,270.9	6,293.9	6,460.4	6,378.5	7,012.8	6,753.7
<i>Currency Outside Banks</i>	1,127.8	1,141.6	1,152.6	1,168.2	1,249.5	1,298.5	1,447.1	1,333.3
<i>Demand Deposits 2/</i>	5,811.8	5,381.4	5,118.3	5,125.7	5,210.9	5,079.9	5,565.8	5,420.4
Total Monetary Liabilities (M2)	15,593.3	14,811.4	14,619.3	14,362.5	14,529.9	14,734.9	15,669.0	15,465.4
<i>Memorandum Items:</i>								
Reserve Money (RM)	3,236.2	3,873.9	4,227.6	4,649.9	4,511.5	4,463.1	5,558.9	5,405.0
<i>Currency in Circulation (CIC)</i>	1,425.5	1,457.3	1,443.3	1,474.1	1,549.5	1,571.0	1,776.8	1,588.5
<i>DMBs Demand Deposit with CBN</i>	1,810.6	2,416.7	2,784.3	3,175.9	2,961.9	2,892.1	3,782.1	3,816.5

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

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

Table A2: Money and Credit Aggregates (Growth Rates)

	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14
	Growth Over Preceding December (%)							
Domestic Credit (Net)	4.7	8.8	8.9	3.1	7.3	11.0	18.5	0.5
<i>Claims on Federal Government (Net)</i>	2.3	19.5	-18.8	-30.1	-8.0	3.9	40.1	13.9
<i>Claims on Private Sector</i>	3.6	4.3	6.3	7.4	7.4	8.6	9.0	-0.8
<i>Claims on Other Private Sector</i>								
<i>Claims on State and Local Government</i>	0.8	8.6	8.9	5.9	6.2	9.8	17.0	1.4
<i>Claims on Non-financial Public Enterprises</i>								
Foreign Assets (Net)	-0.3	-1.5	-0.6	-1.3	-1.6	-4.0	-5.9	3.2
Other Assets (Net)	-7.4	-26.5	-20.8	-22.2	-27.8	-28.5	-26.0	0.0
Total Monetary Assets (M2)	0.71	-4.34	-5.58	-7.24	-6.16	-4.84	1.2	-1.3
Quasi-Money 1/	7.3	2.8	3.5	0.1	0.1	3.6	7.4	0.6
Money Supply (M1)	-6.5	-12.1	-15.5	-15.2	-12.9	-14.1	-5.5	-3.7
<i>Currency Outside Banks</i>	-13.3	-12.3	-11.4	-10.2	-4.0	-0.2	11.2	-7.9
<i>Demand Deposits 2/</i>	-5.0	12.1	-16.4	-16.2	-14.9	-17.0	-9.1	-2.6
Total Monetary Liabilities (M2)	0.71	-4.34	-5.58	-7.24	-6.16	-4.84	1.2	-1.3
<u>Memorandum Items:</u>								
Reserve Money (RM)	-12.6	4.6	14.1	25.5	21.8	20.5	50.1	-2.8
<i>Currency in Circulation (CIC)</i>	-12.6	-10.7	-11.5	-9.7	-5.0	-3.7	8.9	-10.6
<i>DMBs Demand Deposit with CBN</i>	-12.7	16.6	34.3	53.2	42.9	39.5	82.5	0.9
	Growth Over Preceding Month (%)							
Domestic Credit (Net)	0.4	4.0	-4.6	-0.8	4.1	3.4	6.7	0.5
<i>Claims on Federal Government (Net)</i>	-6.6	17.6	-47.4	-9.5	17.0	10.9	37.7	13.9
<i>Claims on Private Sector</i>	1.3	0.7	1.9	1.1	-0.02	1.08	0.4	-0.8
<i>Claims on Other Private Sector</i>	1.3	0.3	2.0	1.3	-0.03	0.78		
<i>Claims on State and Local Government</i>	1.4	9.4	0.2	-2.8	0.4	3.4	6.4	1.4
<i>Claims on Non-financial Public Enterprises</i>								
Foreign Assets (Net)	-4.1	-1.2	1.0	-0.8	-0.3	-2.4	-1.9	3.2
Central Bank	-3.8	-2.2	0.4	-1.4	-0.8	-1.5	1.7	6.2
Banks	-5.9	3.5	3.5	1.6	1.8	-6.4	3.0	9.7
Other Assets (Net)	6.9	-17.8	4.5	-1.2	-4.5	-0.6	1.9	0.0
Total Monetary Assets (M2)	1.1	-5.01	-1.3	-1.76	1.17	1.41	6.34	-1.3
Quasi-Money 1/	0.3	-4.2	0.7	-3.4	0.0	3.6	3.6	0.6
Money Supply (M1)	2.9	-6.0	-3.9	0.4	2.7	-1.3	10.0	-3.7
<i>Currency Outside Banks</i>	-2.8	1.2	1.0	1.4	7.0	3.9	11.4	-7.9
<i>Demand Deposits 2/</i>	4.1	-7.1	-4.9	0.1	1.7	-2.5	9.6	-2.6
Total Monetary Liabilities (M2)	1.1	-5.01	-1.3	-1.76	1.17	1.41	6.34	-1.3
<u>Memorandum Items:</u>								
Reserve Money (RM)	-5.7	19.7	9.1	10.0	-3.0	-1.1	24.6	-2.8
<i>Currency in Circulation (CIC)</i>	-2.2	2.2	1.0	2.1	5.1	1.4	13.1	-10.6
<i>DMBs Demand Deposit with CBN</i>	-8.3	33.5	15.2	14.1	-6.7	-6.7	82.5	0.9

Table A3: Federal Government Fiscal Operations (₦ billion)

	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14
Retained Revenue	261.9	261.4	426.0	315.6	283.0	329.4	323.4	261.9	379.6	276.0	252.6	293.7	262.9
Federation Account	217.4	216.5	209.9	232.5	246.7	235.8	294.0	227.5	248.3	236.2	213.8	252.2	221.2
VAT Pool Account	8.3	9.4	9.0	9.2	7.9	10.8	7.4	10.7	9.9	9.2	9.6	13.2	9.3
FGN Independent Revenue	7.8	7.1	39.2	10.0	12.1	5.1	5.7	7.4	105.1	14.2	12.9	11.9	16.1
Excess Crude	0.0	1.6	151.4	56.5	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	16.3	16.4	16.3	16.3	16.3
Expenditure	159.8	588.0	331.8	495.3	335.0	384.7	446.5	343.3	348.1	337.6	342.0	409.1	368.4
Recurrent	60.0	480.0	200.6	305.6	261.0	214.5	315.2	244.4	240.9	265.2	249.1	280.9	262.2
Capital	61.4	91.3	107.1	139.0	55.8	86.8	93.9	78.8	86.5	46.3	70.6	111.3	86.7
Transfers	38.4	17.9	17.3	19.1	20.1	55.6	43.0	39.0	20.9	26.1	22.3	16.8	19.4
Overall Balance: Surplus(+)/Deficit(-)	102.0	-326.6	94.2	-179.7	-52.0	-55.3	-123.2	-81.5	31.5	-61.7	-89.5	-115.4	-105.5

