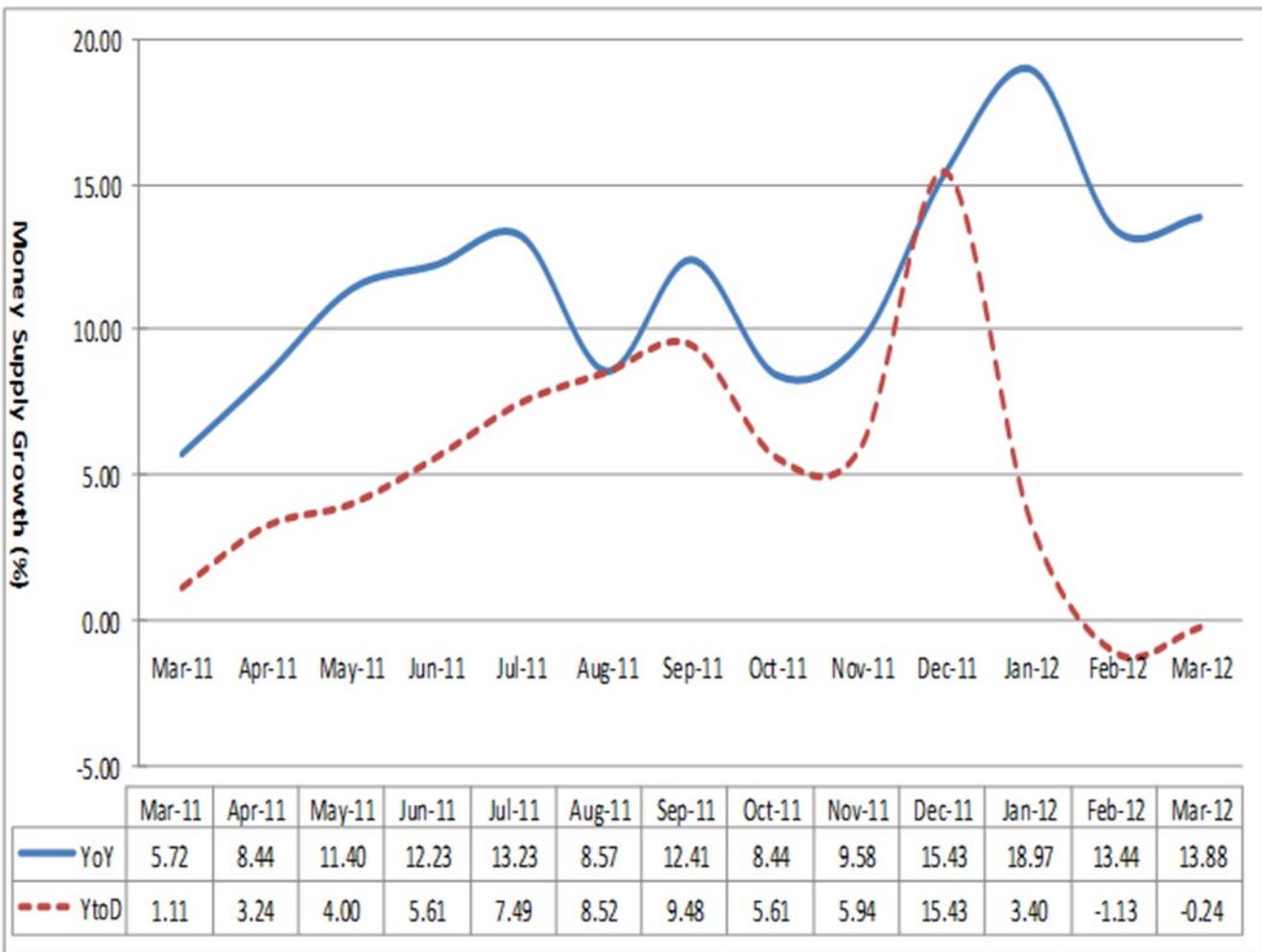


Monetary Survey Report for March 2012



EXECUTIVE SUMMARY

The consolidation of the end-March 2012 accounts of the monetary authorities, the accounts of the deposit money banks (DMBs) and non interest banks (NIBs) generated the end-March 2012 monetary survey report comprising broad money supply and its determinants.

The highlights of the monetary survey analysis for March 2012 are as follows:

- ◆ The broad measure of money supply (M_2) year-to-date decreased marginally by N32.51 billion or 0.24 per cent to N13,271.0 billion in March 2012. At this level, M_2 growth was 24.88 percentage points below the proposed target of 24.64 per cent for fiscal 2012, but 13.88 per cent higher than the level recorded a year earlier.
- ◆ The 0.24 per cent year-to-date contraction in M_2 was due mainly to the decreases of 1.45 and 0.67 percentage points in the relative contributions of other assets net and credit to core private sector, respectively. These more than outweighed the 1.26, 0.42 and 0.19 percentage points increase in the relative contributions of net foreign assets, credit to government (net) and credit to state and local government, respectively.
- ◆ Net domestic credit (NDC) decreased marginally from its level in December 2011 by N7.65 billion or 0.06 per cent to N13,679.1 billion in the review period. At this level, NDC was 52.23 below the proposed target of 52.17 per cent for fiscal 2012, but 66.68 per cent higher than the level achieved twelve months ago.
- ◆ The 11.28 per cent year-to-date increase in net credit to government was 50.19 percentage points lower than the proposed target of 61.47 per cent for fiscal 2012, but 64.46 per cent higher than the level achieved a year earlier.
- ◆ Credit to private sector decreased marginally from its level in December 2011 by N63.71 billion or 0.45 per cent to N14,119.9 billion in March 2012. At this level, it was 47.95 percentage points lower than the proposed target of 47.50 per cent for fiscal 2012, but 49.47 per cent above the level reported a year ago.
- ◆ Net foreign assets increased by N168.05 billion or 2.35 per cent to N7,306.7 billion year-to-date. The 2.35 per cent expansion in NFA was 4.25 percentage points lower than the proposed target of 6.60 per cent for fiscal 2012.
- ◆ The 2.56 per cent decline in OAN from its level in December 2011 was accounted for by the decreases of 5.53 and 0.04 percentage points in the relative contributions of OAN of CBN and NIBs, and the increase of 3.01 percentage points in the relative contributions of OAN of DMBs.
- ◆ The 13.88 per cent year-on-year expansion in M_2 in March 2012 was accounted for mainly by the 7.03, 4.45 and 2.13 percentage point increases in the relative contributions of demand deposits at deposit money banks, quasi-money and demand deposits at central bank, respectively.

Monetary Survey Report for March 2012

Table I: MONETARY SURVEY

(In Billion of Naira)

	2011		2012			Annualized Percentage
	March (1)	December (2)	January (3)	February (4)	March (5)	
Net Foreign Assets	6,988.1	7,138.7	7,413.6	7,234.6	7,306.7	9.42
Net Domestic Assets	4,665.5	6,164.8	6,341.7	5,919.2	5,964.3	-13.01
Domestic Credit	8,206.8	13,686.7	13,954.0	13,469.3	13,679.1	-0.22
Government (net)	-1,240.2	-496.9	-687.6	-541.5	-440.8	45.13
State & Local Govt	376.8	513.2	494.1	508.1	538.1	19.40
Non-financial public enterprises	0.0	0.0	0.0	0.0	0.0	0.00
Core Private Sector	9,070.2	13,670.4	14,147.4	13,502.7	13,581.8	-2.59
Private Sector	9,446.9	14,183.6	14,641.6	14,010.8	14,119.9	-1.80
Other assets(net)	-3,541.2	-7,521.9	-7,612.3	-7,550.1	-7,714.8	-10.26
Total Assets=Total money supply (M2)	11,653.6	13,303.5	13,755.3	13,153.8	13,271.0	-0.98
Currency Outside Banks	1,112.7	1,245.1	1,093.7	1,081.7	1,141.4	-33.34
Demand Deposits at	4,311.8	5,526.4	5,733.2	5,338.9	5,381.6	-10.48
Central Bank	347.8	605.6	671.8	615.0	596.6	-5.97
Deposit Money Banks	3,964.1	4,920.9	5,061.4	4,724.0	4,782.8	-11.22
Non Interest Bank	0.0	0.0	0.0	0.0	2.2	
Money (M1)	5,424.5	6,771.6	6,826.9	6,420.6	6,522.9	-14.69
Quasi-money	6,229.1	6,531.9	6,928.4	6,733.2	6,748.0	13.23

	Actual Change Between			Percentage Change Between		
	(1) & (5)	(2) & (5)	(4) & (5)	(1) & (5)	(2) & (5)	(4) & (5)
Net Foreign Assets	318.64	168.05	72.13	4.56	2.35	1.00
Net Domestic Assets	1,298.70	-200.57	45.06	27.84	-3.25	0.76
Domestic Credit	5,472.29	-7.65	209.78	66.68	-0.06	1.56
Government (net)	799.35	56.05	100.71	64.46	11.28	18.60
State & Local Govt	161.34	24.90	29.98	42.82	4.85	5.90
Non-financial public enterprises	0.00	0.00	0.00			
Core Private Sector	4,511.60	-88.60	79.09	49.74	-0.65	0.59
Private Sector	4672.94	-63.71	109.07	49.47	-0.45	0.78
Other assets(net)	-4,173.59	-192.92	-164.72	-117.86	-2.56	-2.18
Total Assets=Total money supply (M2)	1,617.35	-32.52	117.19	13.88	-0.24	0.89
Demand Deposits at	1,069.76	-144.86	42.67	24.81	-2.62	0.80
Central Bank	248.80	-9.04	-18.41	71.54	-1.49	-2.99
Deposit Money Banks	818.76	-138.01	58.88	20.65	-2.80	1.25
Non Interest Bank	2.20	2.20	2.20			
Money (M1)	1,098.42	-248.64	102.34	20.25	-3.67	1.59
Quasi-money	518.93	216.12	14.85	8.33	3.31	0.22

1.0 Money Supply

The broad measure of money supply (M₂) year-to-date decreased marginally by N32.52 billion or 0.24 per cent to N13,271.0 billion in March 2012. At this level, M₂ growth was 24.88 percentage points below the proposed target of 24.64 per cent for fiscal 2012, but 13.88 per cent higher than the level recorded a year earlier.

On annualized basis, M₂ declined by 0.98 per cent (Table 1). When compared with its growth in the corresponding period of

2011, the year-on-year growth of M₂ was higher, but its year-to-date rate was lower in March 2012 (Fig 1(a)).

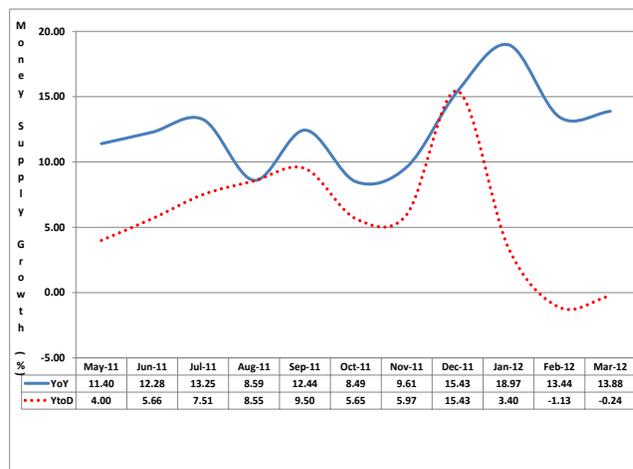


Fig 1(a): M₂ YoY and YtoD growth

1.1 Net Domestic Credit

Net domestic credit (NDC) decreased marginally from its level in December 2011 by N7.65 billion or 0.06 per cent to N13,679.1 billion in the review period. At this level, NDC was 52.23 below the proposed target of 52.17 per cent for fiscal 2012, but 66.68 per cent higher than the level achieved twelve months ago. On annualized basis, it decreased marginally by 0.22 per cent (Table I).

The year-to-date marginal contraction in NDC was attributable to the decrease in credit to core private sector by N88.60 billion or 0.65 per cent (Table I).

1.1.1 Net Credit to Government

The 11.28 per cent year-to-date increase in net credit to government was 50.19 percentage points lower than the proposed target of 61.47 per cent for fiscal 2012, but 64.46 per cent higher than the level achieved a year earlier. The trends of growth in net credit to Government on year-on-year and end-December 2011 to date basis are shown in Fig 1(b).

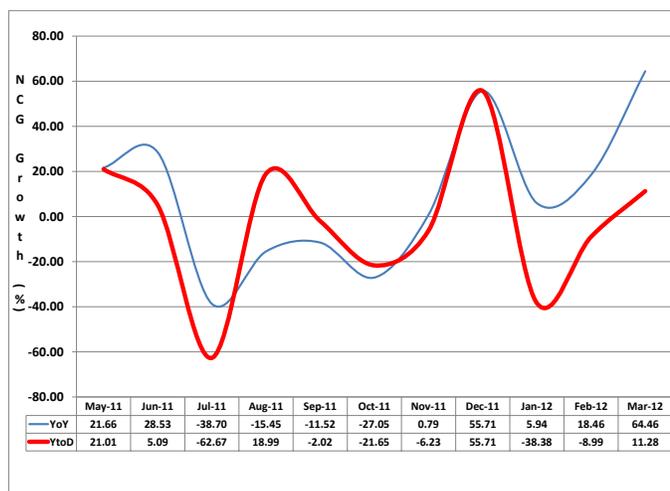
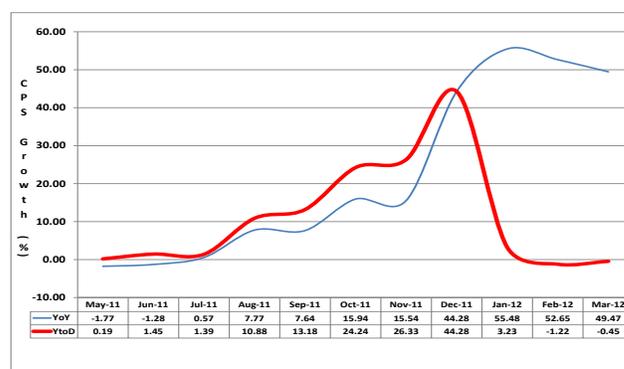


Fig 1(b): NCG YoY and YtD growth

1.1.2 Credit to Private Sector

Credit to private sector decreased marginally from its level in December 2011 by N63.71 billion or 0.45 per cent to N14,119.9 billion in March 2012. At this level, it was 47.95 percentage points lower than the proposed target of 47.50 per cent for fiscal 2012, but 49.47 per cent above the level reported a year ago (Appendix I and Fig 1(c)).



1.2 Net Foreign Assets

Net foreign assets increased by N168.05 billion or 2.35 per cent to N7,306.7 billion year-to-date. The 2.35 per cent expansion in NFA was 4.25 percentage points lower than the proposed target of 6.60 per cent for fiscal 2012 (Table I and Fig 1(d)).

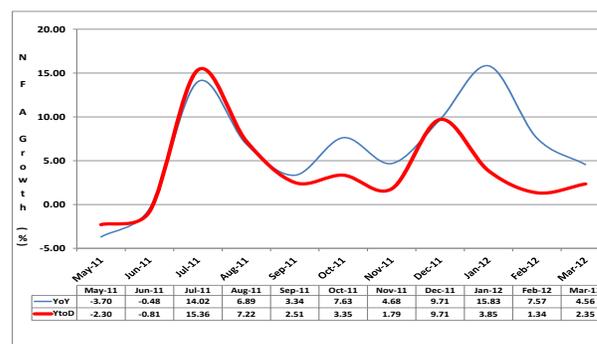


Fig 1(d): NFA YoY and YtoD growth

1.3 Other Assets (Net)

Other assets net (OAN), year-to-date, decreased by N192.92 billion or 2.56 per cent. Similarly, at this level, it was N4,173.59 billion or 117.86 per cent below the level reported a year ago (Table 1, Appendix IV and Fig 1(e)).

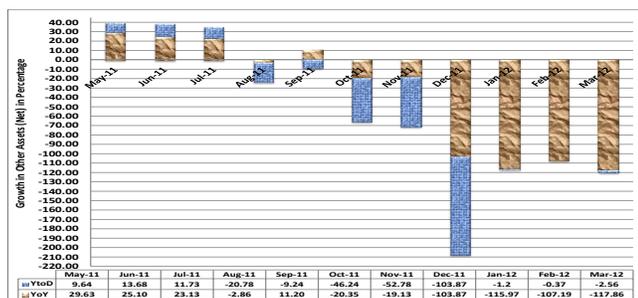


Fig 1(e): OAN YoY and YtD growth

The 2.56 per cent decline in OAN from its level in December 2011 was accounted for by the decreases of 5.53 and 0.04 percentage points in the relative contributions of OAN of CBN and NIBs, and the increase of 3.01 percentage points in the relative contributions of OAN of DMBs (Table I, Appendix IV and Fig 1(f)).

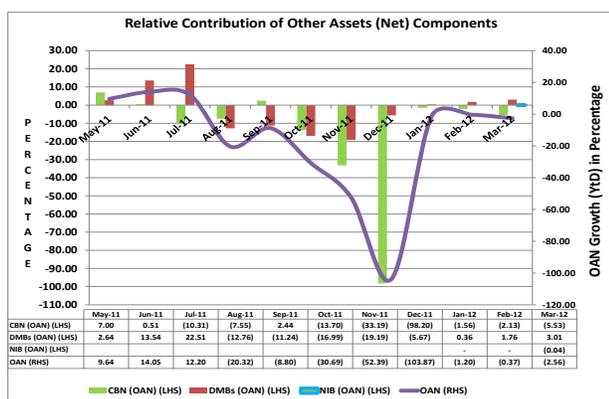


Fig 1(f): Relative Contribution of CBN and DMBs Other Assets (Net) Components

The year-to-date decline in OAN was also attributable to the increases of 21.12 and 4.54 per cent in the unclassified liabilities of CBN and DMBs, (Appendix IV).

2. Determinants of Money Supply

The 0.24 per cent year-to-date contraction in M₂ was due mainly to the decreases of 1.45 and 0.67 percentage points in the relative contributions of other assets net and credit to core private sector, respectively. These more than outweighed the 1.26, 0.42 and 0.19 percentage points increase in the relative contributions of net foreign assets, credit to government (net) and credit to state and local governments, respectively (Table II).

Table II: Determinants of M₂

	Relative Contribution to M ₂ Growth from end-Dec (%)			Contribution, Year-
	Dec-11	Feb-12	Mar-12	Mar-12
Net Foreign Assets	5.48	0.36	1.26	2.73
Net Domestic Assets	9.89	(1.50)	(1.51)	11.14
Domestic Credit	42.94	8.08	(0.06)	46.96
Government (net)	5.17	(0.34)	0.42	6.86
State & Local Govt	1.24	(0.04)	0.19	1.38
Non-financial public enterp.	-	-	-	-
Core Private Sector	36.53	8.46	(0.67)	38.71
Other assets(net)	(33.05)	(9.58)	(1.45)	(35.81)
Total Monetary Assets	15.37	(1.14)	(0.24)	13.88

When viewed on year-on-year basis, M₂ rose by 13.88 per cent. The rise reflected largely the increases of 38.71, 6.86 and 2.73 percentage points in the relative contributions of credit to core private sector, credit to government (net) and net foreign assets, respectively. The increase was, however, moderated by the 35.81 percent-

age points decline in the relative contribution of other assets (net) (Table II).

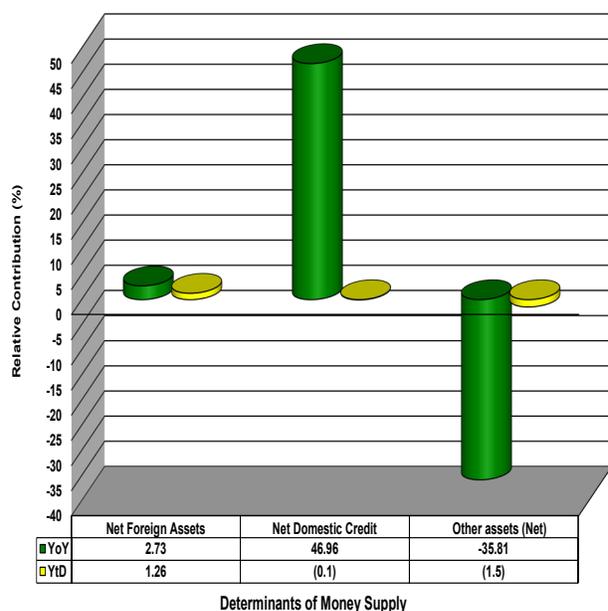


Fig 2: Determinants of M₂ Growth from end-December 2011 and Year-on-Year

The relative contribution of NFA to the year-to-date growth of M₂ was 1.26 percentage points in March 2012 compared with 0.36 percentage points recorded in the preceding month (Fig 2 and Table II).

3. Components of Money Supply

The 13.88 per cent year-on-year expansion in M₂ in March 2012 was accounted for mainly by the 7.03, 4.45 and 2.13 percentage point increases in the relative contributions of demand deposits at deposits money banks, quasi-money and demand deposits at central bank, respectively (Table III and Fig 3).

Relative Contribution to M ₂ Growth from end-Dec (%)	Rel. Contribution, Year-on_Year			
	Dec-11	Feb-12	Mar-12	Mar-12
Total money supply (M ₂)	15.37	(1.14)	(0.24)	13.88
Currency Outside Banks	1.41	(1.23)	(0.78)	0.25
Demand Deposits at	8.95	(1.43)	(1.09)	9.18
Central Bank	(0.51)	0.05	(0.07)	2.13
Deposit Money Banks	9.46	(1.48)	(1.04)	7.03
Non Interest Bank			0.02	0.02
Money (M ₁)	10.36	(2.66)	(1.87)	9.43
Quasi-money	5.01	1.51	1.62	4.45

On year-to-date basis, the 0.24 per cent contraction in M₂ was accounted for by the decreases of 1.04, 0.78 and 0.07 percentage points in the relative contributions of DMBs' demand deposits, currency outside banks and demand deposits at the central bank, respectively. The decreases outweighed the 1.62 and 0.02 percentage points rise in the relative contributions of quasi money and demand deposits at non interest bank (Table III and Fig 3).

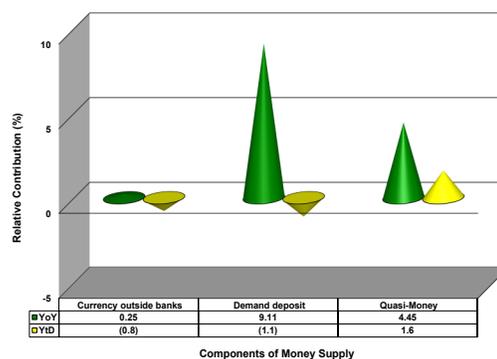


Fig 3: Relative Contributions of M₂ Components from end-December 2011 and Year-on-Year

All components of M₂ increased in March 2012 on year-on-year basis (Table III).