



CENTRAL BANK OF NIGERIA

***ECONOMIC REPORT
FEBRUARY 2012***

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 at end-February 2012. On month-on-month basis, broad measure of money (M_2) fell by 4.4 per cent at end of February 2012, in contrast to the growth of 3.4 and 13.4 per cent at the end of the preceding month and the corresponding period of 2011, respectively. The development was attributed, largely, to the 0.3 and 2.5 per cent decline in domestic credit (net) and foreign assets (net) of the banking system. Narrow money (M_1), also, fell by 6.0 per cent, below the level at the end of the preceding month. Reserve money rose by 2.6 per cent over its level at the end of the preceding month.

Available data indicated that banks' deposit and lending rates generally trended upward in February 2012. The spread between the weighted average term deposit and maximum lending rates narrowed marginally by 0.41 percentage point to 16.41 per cent at the end of review month, while the margin between the average savings deposit and maximum lending rates widened slightly from 21.69 to 21.71 percent. The weighted average interbank call rate rose to 14.52 per cent from 14.19 per cent in the preceding month.

The value of money market assets outstanding at end-February 2012 was ₦5,599.9 billion, representing an increase of 0.9 per cent, compared with the increase of 0.80 per cent at end-January 2012. The development was attributed to the 2.0 per cent increase in FGN Bonds. Activities on the Nigerian Stock Exchange (NSE) indicated mixed developments in February 2012. Aggregate market capitalization of all listed securities stood at ₦12.0 trillion, compared with ₦11.6 trillion in the preceding month, while the All-Share Index, which opened at 20,875.8 at the beginning of the month, closed at 20,495.92, representing a decline of 1.8 per cent below the level in the preceding month.

Estimated gross federally-collected revenue stood at ₦847.69 billion in February 2012, showing a decline of 22.6 per cent below the receipts in the preceding month, but exceeded the 2012 provisional monthly budget estimate by 8.1 per cent. Gross oil receipts, which constituted 81.2 per cent of the total revenue, was 23.6 per cent lower than the level in the preceding month. Non-oil receipts (gross) accounted for 18.8 per cent of the total and was 18.1 and 36.4 per cent

lower than the receipts in the preceding month and the provisional monthly budget estimates, respectively. Federal Government estimated retained revenue in February 2012 was N273.71 billion, while total estimated expenditure was N424.92 billion. Thus, the fiscal operations of the Federal Government resulted in an estimated deficit of ₦151.21 billion.

The dominant agricultural activities in February 2012 were: harvesting of yam tubers; mound making for large yams; manual and mechanized stumping of farms by small holder and commercial farmers, as well as dry season vegetable farming.

Crude oil production, including condensates and natural gas liquids in February 2012 was estimated at average of 2.08 million barrels per day (mbd) or 60.32 million barrels in the month under review. Crude oil export was estimated at 1.63 mbd or 47.27 million barrels for the month, while deliveries to the local refineries for domestic consumption remained at 0.45 mbd or 13.05 million barrels for the month. The average price of Nigeria's reference crude, the Bonny Light (37^o API), estimated at US\$121.71 per barrel, increased by 7.1 per cent over the level in the preceding month.

The end-period headline inflation rate (year-on-year), in February 2012, was 11.9 per cent, compared with 12.6 per cent at the end of the preceding month. Inflation rate, on a twelve-month moving average basis, increased marginally by 0.1 percentage point to 11.0 per cent from the level in the preceding month.

Foreign exchange inflow and outflow through the CBN in February 2012 were US\$3.55 billion and US\$3.90 billion, respectively, and resulted in a net outflow of US\$0.35 billion. Foreign exchange sales by the CBN to the authorized dealers amounted to US\$2.88 billion, showing an increase of 18.8 and 37.4 per cent from the level in the preceding month and the corresponding period of 2011, respectively.

The average Naira exchange rate vis-à-vis the US dollar, appreciated at the wDAS and bureau-de-change segments by 0.3 and 2.3 per cent above the levels in the preceding period, respectively. At the interbank segment, the Naira also appreciated by 1.7 per cent over the level in the preceding month.

Non-oil export earnings increased significantly by 218.2 per cent above the level in the preceding month to US\$642.11 million. The development reflected, largely, the increase in receipts in respect of manufactured, industrial, agricultural and minerals during the month under review.

World crude oil output in February 2012 was estimated at 89.11 million barrels per day (mbd), while demand was estimated at 87.84 million barrels per day (mbd), representing an excess supply of 1.26 mbd, compared with 88.80 and 88.10 mbd supplied and demanded, respectively, in the preceding month. The weak growth in the OECD countries along with the surge in oil prices accounted for the fall in demand for world crude oil.

Other major international economic development and meetings of importance to the domestic economy during the review period included: the conclusion of the discussions by the Board of the International Monetary Fund (IMF) on its staff report on Article IV Mission to Nigeria on February 22, 2012. The Report indicated, among other things, that Nigeria's economic growth in 2011 remained strong at 6.7 percent, with the non-oil contributing about 8.3 percent to real GDP.

Also, the first Bureau Meeting of the Association of African Central Banks (AACBs) in 2012 was hosted by the Central Bank of Nigeria on February 29, 2012 to consider the progress report on the activities of the joint African Union Commission (AUC) – AACB Committee in charge of the preparation of the study on the strategy for the creation of the African Central Bank (ACB), among others.

Furthermore, the AU Commission and the US Agency for International Development (USAID), on February 1, 2012, discussed the upcoming conference on the Horn of Africa, scheduled for 2012 this year. Among the issues deliberated upon included: the Grow Africa Initiative, the African Risk Capacity (ARC) and strengthening of the African Mission to Somalia (AMISOM) with the aim of placing these issues on the G8 agenda, so as to attract enough funding for the programmes. The meeting also discussed the Africa Risk Capacity, which aimed at improving emergency response to food insecurity.

Finally, a task force, made up of officials of the ECOWAS Commission and the West African Monetary Institute (WAMI

working on ways of eliminating impediments to intra-community trade had reached an agreement on a template for four studies intended to improve the implementation of the ECOWAS Trade Liberalization Scheme (ETLS).

2.0 *Financial Sector Developments*

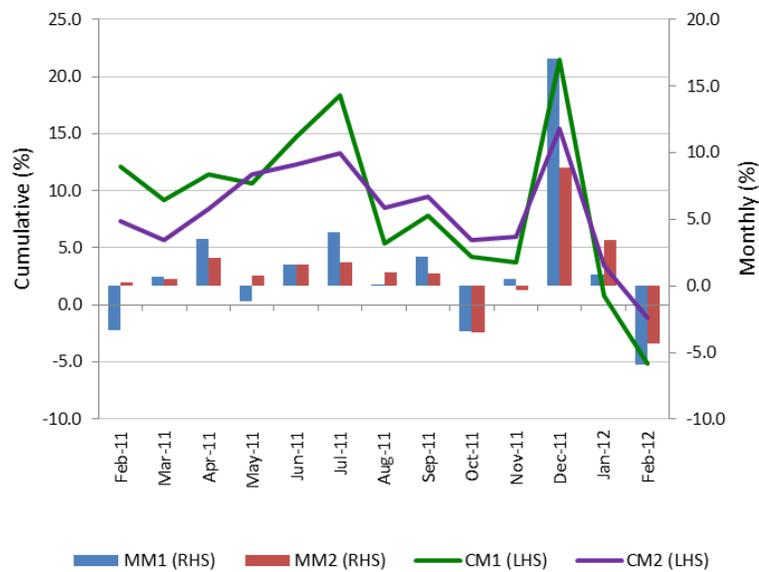
The growth of the major monetary aggregate decelerated, while most banks' deposit and lending rates trended upward in February 2012. The value of money market assets outstanding increased, owing largely to the rise of 2.0 per cent in FGN Bonds. Developments on the Nigerian Stock Exchange (NSE) were mixed during the review month.

The key monetary aggregate declined in February 2012.

2.1 Monetary and Credit Developments

Provisional data indicated that growth in the major monetary aggregate decelerated at end-February 2012. Broad money supply, (M₂), at ₦13,148.1 billion, fell by 4.4 per cent, in contrast to the growth of 3.4 and 0.3 per cent at end of the preceding month and the corresponding period of 2011, respectively. The development was accounted for, wholly, by the 3.5 and 2.5 per cent decline in domestic credit (net) and foreign asset (net) of the banking system, respectively. Over the level at end-December 2011, M₂ declined by 1.1 per cent, owing largely to the 1.6 per cent decline in domestic credit (net) of the banking system. Narrow money supply (M₁), at ₦6,414.9 billion, also declined by 6.0 per cent below the level at end-January 2012. The development was accounted for, largely, by the 6.9 per cent decline in its demand deposit component. At end-February 2012, quasi-money fell by 2.8 per cent to ₦6,733.2 billion, in contrast to the growth of 6.1 and 3.5 per cent at the end of preceding month and the corresponding period of 2011, respectively. The development was attributed to the decline in its time and savings deposit components.

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



At ₦13,478.0 billion, aggregate banking system credit (net) to the domestic economy fell by 3.5 per cent on month-on-month basis, in contrast to the increase of 2.0 per cent at the end of the preceding month. The development reflected, largely, the 4.3 per cent decline in claims on the private sector. Over the level at end-December 2011, aggregate banking system credit (net) to the domestic economy declined by 1.6 per cent, reflecting the fall in claims on both the Federal Government and the private sector during the period.

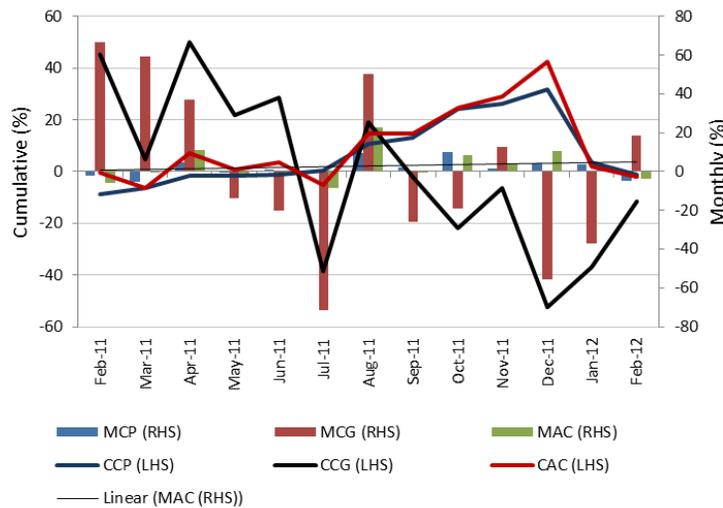
Banking system's credit (net) to the Federal Government, on month-on-month basis, rose by 20.3 per cent to negative ₦576.2 billion, in contrast to the decline of 35.8 per cent at the end of preceding month. The development was accounted for largely by the 7.9 percent increase in CBN's holding of government securities. Over the level at end-December 2011, banking system's credit (net) to the

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

Federal Government, however, declined by 8.3 per cent, owing to the 9.7 per cent fall in DMBs' holding of Federal government securities. The Federal Government, however, remained a net lender to the banking system at the end of the review month.

The banking system's credit to the private sector fell by 4.3 per cent to ₦14054.1 billion from the preceding month's level, in contrast to the increase of 3.2 per cent at end-January 2012. Similarly, banking system's claims on the core private sector fell by 4.5 per cent to ₦13,546.0 billion below the level in the preceding month, in contrast to the increase of 3.5 per cent at the end of the preceding month. The development reflected largely the fall in both the monetary authorities and the DMB's claims on the sector. Over the level at end-December 2011, banking system's credit to the private sector also fell by 1.2 per cent (Fig. 2, Table 1).

Figure 2: Growth Rate of Aggregate Domestic Credit to the economy²



Foreign assets (net) of the banking system, on-month-basis fell by 2.5 per cent to ₦7,228.1 billion, in contrast

Foreign assets (net) of the banking system fell on month-on-month basis at the end February 2012.

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).

to the increase of 3.9 per cent at the end of the previous month. The development was attributed wholly to the 5.6 per cent decline in CBN's holding of foreign assets. Over the level at end December 2011, foreign assets (net) of the banking system grew by 1.3 per cent.

On-month-on basis, quasi-money fell by 2.8 per cent to ₦6,733.2 billion, in contrast to 6.1 and 3.5 per cent increase at the end of the preceding month and the corresponding period of 2011, respectively. The development was attributed to the decline in time and savings deposits with the deposit money banks (DMBs). Relative to the level at end-December 2011, quasi-money rose by 3.1 per cent due to the same reasons above.

Other assets (net) of the banking system rose marginally by 0.9 per cent to negative ₦7,558.0 billion, as against the decline of 1.2 per cent in the preceding month. The development reflected largely, the rise in unclassified assets of both the CBN and DMBs. Relative to the level at end-December 2011, other assets (net) of the banking system declined by 0.3 per cent.

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

	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12
Domestic Credit (Net)	11.2	-1.7	11.2	-1.7	-0.6	-8.6	22.7	-0.1	8.7	3.5	22.0	2.0	-3.5
Claims on Federal Government (Net)	37.3	-13.9	37.3	-13.9	-20.2	-71.4	50.2	-25.9	-19.2	12.7	55.4	-35.8	20.3
Claims on Private Sector	4.8	-0.5	4.8	-0.5	1.3	-0.1	9.4	2.1	9.8	1.7	14.6	3.2	-4.3
Claims on Other Private Sector	-3.3	-0.7	-3.3	-0.7	0.9	0.5	9.3	2.3	9.8	2.0	14.2	3.5	-4.5
Foreign Assets (Net)	-10.2	1.3	-10.2	1.3	1.5	16.3	-7.1	-4.4	0.8	-1.5	7.8	3.9	-2.5
Other Assets (Net)	1.2	4.7	1.2	4.7	4.5	-2.3	-36.8	9.6	-33.9	-4.5	-33.7	-1.2	0.9
Broad Money Supply (M2)	2.1	0.7	2.1	0.7	1.6	1.8	1.0	0.9	-3.5	0.3	8.9	3.4	-4.4
Quasi-Money	0.9	2.4	0.9	2.4	1.5	-0.2	1.8	-0.3	-3.7	1.0	1.5	6.1	-2.8
Narrow Money Supply (M1)	3.5	-1.2	3.5	-1.2	1.6	4.0	0.1	2.2	-3.4	-0.5	17.1	0.8	-6.0
Reserve Money (RM)	-0.6	3.2	-0.6	3.2	17.9	5.1	2.0	3.6	24.0	-1.0	18.9	-3.4	2.6

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

At ₦1,438.6 billion, currency in circulation fell by 2.5 per cent in the review month, compared with the decline of 5.7 per cent at the end of the preceding month, reflecting, largely, the 1.1 per cent fall in currency outside banks, during the review month.

Total deposits at the CBN amounted to ₦6,158.8 billion, indicating a decline of 0.4 per cent below the level at the end of the preceding month. The development was attributed, largely, to the 8.5 per cent decline in private sector deposits. Of the total deposits, the percentage shares of the Federal Government, banks and "others" were 68.6, 21.5 and 9.9 per cent, respectively.

Reserve money (RM) rose at the end of February 2012.

The reserve money (RM) rose by 2.6 per cent to ₦2,760.0 billion at the end of the review month mirroring the trends in DMBs' deposits with the CBN.

2.3 Money Market Developments

The money market experienced liquidity ease in February 2012 following the payment of Statutory Revenue Allocation (SRA) to the three tiers of governments for the month of January 2012. Consequently, the Bank intervened in the money market using Open Market Operation (OMO) to contain liquidity growth and maintain rates at target levels.

Provisional data indicated that the value of money market assets outstanding at end-February 2012 was ₦5,559.9 billion, indicating an increase of 0.9 per cent, compared with an increase of 0.8 per cent at end of the preceding month. The development was attributed to the 2.0 per cent increase in FGN Bonds.

2.3.1 Interest Rate Developments

Available data indicated that banks' deposit and lending rates generally increased in February 2012. All rates on deposits of various maturities increased from a range of 1.39 -7.62 per cent in the preceding month to

1.42 -8.26 per cent in February. Similarly, at 6.72 per cent, the average term deposit rate increased by 0.46 percentage point above the level in the preceding month. The average maximum lending and prime rates rose by 0.05 and 0.19 percentage points to 23.13 and 17.11 percent, respectively. Consequently, the spread between the weighted average term deposit rate and maximum lending rates narrowed by 0.41 percentage point to 16.41 percent at the end of the review month. The margin between the average savings deposit and maximum lending rates increased marginally from 21.69 percentage points to 21.71 percent.

At the interbank call segment, the weighted average rate, which stood at 14.19 in the preceding month, increased to 14.52 per cent. The weighted average rate at the open buy back (OBB) segment declined from 13.71 per cent to 13.58 per cent at end-February 2012. The Nigerian interbank offered rate (NIBOR) for 7- and 30-day tenors declined to 14.48 and 15.35 per cent, respectively, compared with the 14.82 and 15.46 per cent in the preceding month. With the headline inflation rate of 11.9 per cent at end-February 2012, most rates except the lending rates, were negative in real terms (Fig. 3, Table 2).

Figure 3: Selected DMBs Interest Rates (Average)

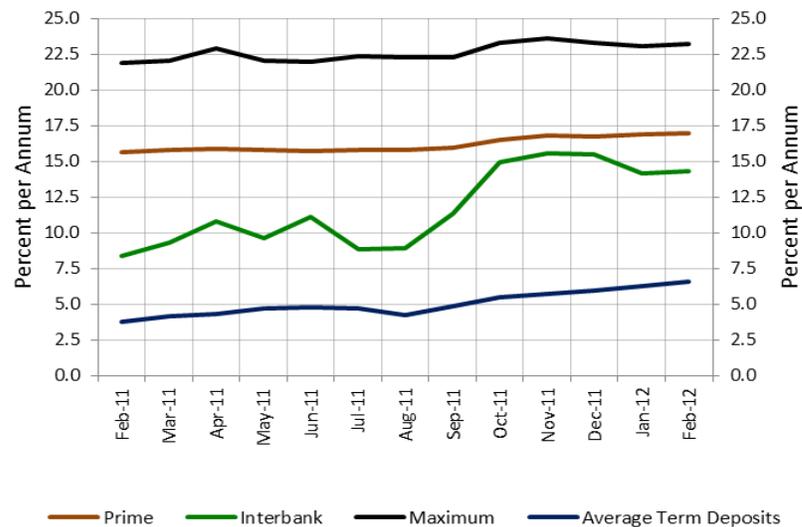


Table 2: Selected Interest Rates (Percent, Averages)

	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12
Average Term Deposits	3.8	4.2	4.3	4.8	4.8	4.7	4.3	4.9	5.5	5.9	5.9	4.4	6.0
Prime Lending	15.7	15.8	15.9	15.8	15.8	15.8	15.8	16.0	16.5	16.4	16.8	16.9	17.1
Interbank	8.3	10.2	10.8	9.6	11.2	8.9	8.2	11.4	15.0	15.6	15.5	14.2	14.5
Maximum Lending	218.0	22.0	22.9	22.1	22.0	22.4	22.3	22.3	23.3	23.7	23.4	23.1	23.1

2.3.2 Commercial Paper (CP)

The value of Commercial Paper (CP) held by DMBs fell by 2.6 per cent to ₦206.8 billion at end-February 2012, as against the increase of 4.6 per cent at the end of the preceding month. CP constituted 3.7 per cent of the total value of money market assets outstanding at end-February 2012, compared with 3.8 per cent at the end of the preceding month.

2.3.3 Bankers' Acceptances (BAs)

At end-February 2012, Bankers' Acceptances (BAs) declined by 27.6 per cent to ₦38.2 billion, compared with the fall of 28.2 per cent in the preceding month. The development reflected the decline in investments by deposit money banks and discount houses. Consequently, BAs accounted for 0.7 per cent of the

DMBs' holdings of BAs and CPs declined in February 2012.

total value of money market assets outstanding at end-February 2012, compared with 1.0 per cent at the end of the preceding month.

2.3.4 Open Market Operations

CBN Bills ranging from 176 to 358 days maturities were used to mop-up excess liquidity during the review period. Total amount offered, subscribed to and allotted amounted to ₦570.0 billion, ₦653.5 billion and ₦297.90 billion, respectively. The allotment indicated an increase of 20.7 per cent over the level in the preceding month. The bid rates ranged from 14.34 – 20.00 per cent.

2.3.5 Primary Market

At the primary market segment, auctions were conducted in three tenors, namely 91-, 182- and 364-day for Nigerian Treasury Bills (NTBs). Total amount offered and subscribed to were ₦298.9 billion and ₦793.72 billion, respectively, compared with ₦316.3 billion and ₦350.87 billion in the preceding month. Total allotment was ₦298.92 billion, indicating an increase of 69.9 per cent over the level in the preceding month. The bid rates ranged from 13.00 to 16.44, 14.50 to 17.32 and 16.55 -16.89 per cent for the respective tenors.

2.3.6 Bonds Market

Two tranches of the 10-year FGN Bond, namely 7% Oct 2019 (₦35.00 billion) and 16.39% Jan 2022 (₦35.00 billion) totaling ₦70.00 billion were reopened and offered to the market in in the month of February 2012. Total amount subscribed to and allotted were ₦141.65 billion and ₦70.00 billion, respectively. The bid rates on the two tranches ranged from 12.00 -17.78 per cent and 12.00 - 18.15 per cent, and the marginal rates were 16.6 and 15.89 per cent, respectively. In the preceding month, ₦19.76 billion, ₦35.00 billion and ₦35.00 billion of the 10-year FGN Bond tranches a piece were offered to the market, with marginal rates of 16.98, 16.00 and 16.39 per cent, respectively.

Two tranches of FGN Bonds were offered during the month in review.

2.3.7 CBN Standing Facilities

Aggregate Standing Lending Facility (SLF) granted during the period under review was ₦1,061.90 billion, compared with ₦937.00 billion in the preceding month, showing an increase of 13.3 per cent. The aggregate standing deposit facility (SDF) stood at ₦785.3 billion with daily average volume of ₦39.3 billion in February 2012, compared with ₦839.2 billion with daily average volume of ₦42.0 billion in the preceding month.

2.4 Deposit Money Banks' Activities

Available data indicated that total assets/liabilities of the Deposit Money Banks (DMBs) amounted to ₦19,721.7 billion, indicating a decline of 3.4 per cent below the level at the end of preceding month. Funds sourced mainly from increased claims on both the private sector and the Federal Government were used, largely, in increased foreign assets holdings.

At ₦12,155.1 billion, DMBs' credit to the domestic economy fell by 5.9 per cent from the level in the preceding month. The breakdown showed that relative to the levels at end of the preceding month, credits to the Federal Government and private sector declined by 4.7 and 6.2 per cent, respectively.

Central Bank's credit to the DMBs rose by 18.9 per cent to ₦290.7 billion at end-February 2012, while total specified liquid assets of the DMBs stood at ₦6,141.3 billion, representing 41.5 per cent of their total current liabilities. This level of liquid assets was 2.9 percentage points above the preceding month's ratio of 38.6 per cent and 11.5 percentage points above the stipulated minimum ratio of 30.0 per cent. The loan-to-deposit ratio was 41.5 per cent, an increase of 0.9 percentage point over the preceding month's ratio, but was 38.5 percentage points below the stipulated maximum ceiling of 80.0 per cent.

DMBs' Credit to the central government and the private sector fell by 4.7 and 6.2 per cent, respectively, in the month under review.

2.5 Discount Houses' Activities

Provisional data indicated that total assets/liabilities of the discount houses stood at ₦300.6 billion at end-February 2012, showing a decline of 2.0 per cent from the level in the preceding month. The decline in assets was accounted for, largely, by the 15.3 and 10.0 per cent fall in claims on the Federal Government and cash and balances with banks. Correspondingly, the decline in total liabilities was attributed, largely, to the 13.4 and 21.5 per cent fall in money-at-call and other amounts owing (to commercial banks and others).

Discount houses' investment in Federal Government securities of less than 91-day maturity fell to ₦31.6 billion and accounted for 16.5 per cent of their total deposit liabilities. It was, however, 43.5 percentage points below the prescribed minimum level of 60.0 per cent for fiscal 2012. At that level, discount houses' investment declined significantly by 57.2 per cent from the level at the end of the preceding month. Total borrowing by the discount houses was ₦20.4 billion, while their capital and reserves amounted to ₦41.1 billion. This resulted in a gearing ratio of 1.5:1, compared with the stipulated maximum target of 50:1 for fiscal 2012.

2.6 Capital Market Developments

2.6.1 *Secondary Market*

Available data indicated that activities on the Nigerian Stock Exchange (NSE) in February 2012 were mixed. The volume and value of traded securities rose by 81.7 and 39.7 per cent to 7.5 billion shares and ₦44.5 billion, respectively, in 69,891 deals, compared with 4.1 billion shares valued at ₦31.8 billion, in 46,942 deals, in the preceding month. The banking sub-sector remained the most active with a traded volume of 5.4 billion shares valued at ₦23.2 billion, in 38,379 deals. This was followed by the insurance sub-sector with a traded volume of 705.3 million shares valued at ₦466.9 million, in 2,109 deals.

Figure 4: Volume and Value of Traded Securities



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

	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12
Volume (Billion)	6.5	6.6	10.1	6.6	7.6	5.5	6.7	4.7	12.3	5.1	6.2	4.1	7.5
Value (N Billion)	60.6	48.8	59.0	48.8	51.3	40.2	47.9	37.2	54.6	27.8	43.7	31.8	44.5

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

Transactions at the Over-the-Counter bonds market indicated that a turnover of 646.4 million units worth ₦545.8 billion were traded in 4,982 deals, compared with 305.9 million units worth N277.6 billion in 1,350 deals in the preceding month. The most active bond was the 5.5% FGN February 2013 (7th FGN Bond 2013 series 1) with a traded volume of 122 million units valued at ₦112.1 billion in 1,015 deals. This was followed by the 10.7% FGN May 2018 (5th FGN Bond 2018 Series 2) with a traded volume of 77.34 million units, valued at ₦62.0 billion, in 547 deals.

2.6.3 New Issues Market

There were only two (2) supplementary listings in the review month (Table 4).

Table 4: Supplementary listing on the Nigeria Stock Exchange (NSE) in February 2012

S/N	Company	Additional Shares (billion)	Reasons
1	Tower Funding Plc	N3630,000,000MPR+7% Floating Rate Bond	Part of N9Billion Medium Term Note Program
2	Tower Funding Plc	N1,000,000,000 MPR+5.25% Floating rate Bond	Part of N9Billion Medium Term Note Program

2.6.4 Market Capitalization

Aggregate market capitalization of all listed securities stood at ₦12.0 trillion, compared with ₦11.6 trillion in the preceding month. The market capitalization of all listed equities stood at ₦6.6 trillion and accounted for 55.0 per cent of the aggregate market capitalisation.

2.6.5 NSE All-share Index

The All-Share Index, which opened at 20,875.8 at the beginning of the month, closed at 20,495.92, representing a decline of 1.8 per cent below the level in the preceding month. The NSE Banking index increased by 11.9 per cent, while the other three indices, namely NSE Consumer goods, NSE Insurance and NSE Oil/Gas indices declined by 1.3, 3.9 and 7.1 per cent, respectively, below the levels at the end of the preceding month.

Figure 5: Market Capitalization and All-Share Index

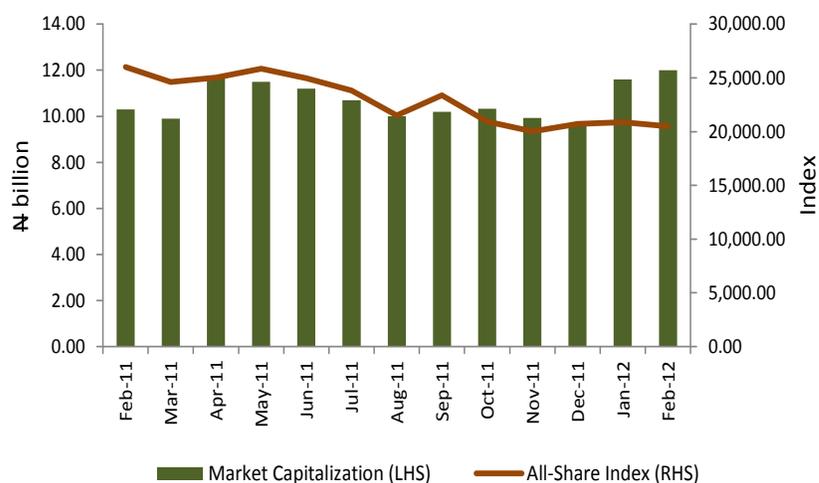


Table 5: Market Capitalization and All Share Index

	Feb-11	Mar-11	Apr-11	May-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12
Market Capitalization (₦ trillion)	103.0	9.9	11.7	11.5	10.7	10.0	10.2	10.3	9.9	9.7	11.8	12.0
All-Share Index	26016.8	25020.1	25041.7	25866.6	23827.0	21497.6	23373.0	20935.0	20003.4	20730.6	20875.8	20495.9

3.0 Fiscal Operations

3.1 Federation Account Operations

Estimated gross federally-collected revenue stood at ₦847.69 billion in February 2012, showing a decline of 22.6 per cent below the receipts in the preceding month, but exceeded the 2012 provisional monthly budget estimate by 8.1 per cent. The fall relative to the level in the preceding month was attributed to the decline in both oil and non-oil revenue during the review month (Fig. 6, Table 6).

Gross federally-collected revenue fell below the level in the preceding month.

Figure 6: Components of Gross Federally-Collected Revenue

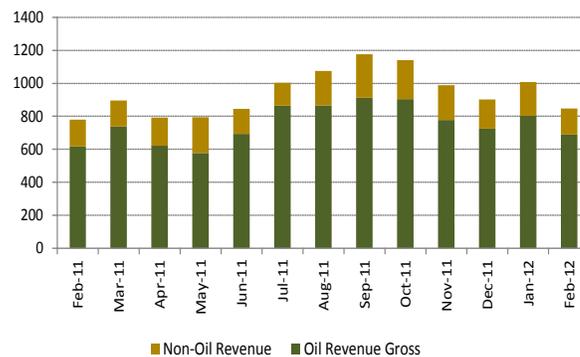


Table 6: Gross Federation Account Revenue (₦ billion)

	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12
Federally-collected revenue (Gross)	766.9	876.9	781.8	748.8	848.3	1048.7	1109.5	1149.0	1143.3	949.7	902.6	1008.4	847.7
Oil Revenue	617.0	738.5	621.5	576.5	694.4	865.3	865.6	911.9	904.2	778.0	726.0	802.7	688.5
Non-Oil Revenue	180.0	164.0	173.1	196.8	153.9	183.3	243.9	237.1	239.1	211.8	176.6	205.7	159.2

Gross oil receipts, at ₦688.50 billion, constituted 81.2 per cent of the total revenue and was lower than the receipts in the preceding month by 23.6 per cent. It, however, exceeded the provisional monthly budget estimate by 29.0 per cent. The decline in oil receipts relative to the preceding month was attributed, largely,

Relative to the preceding month's level, oil receipts fell in February 2012.

to the decline in crude oil lifting due to production short-down in some terminals and the downward review of estimates by oil producing companies during the month under review (Fig. 7, Table 7).

Figure 7: Gross Oil Revenue and Its Components

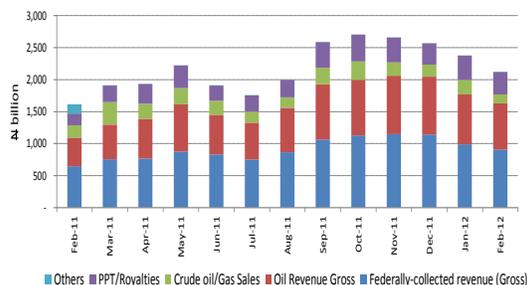


Table 7: Components of Gross Oil Revenue (₦ billion)

	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12
Oil Revenue	617.0	738.5	621.5	576.5	694.5	865.3	865.6	911.9	904.2	778.0	726.0	802.7	688.5
Crude oil/Gas Sales	112.7	231.6	153.5	155.8	217.4	176.0	163.5	257.4	290.7	207.0	185.6	227.8	137.8
Domestic crude oil/G	195.6	154.0	227.9	170.5	203.4	287.4	285.3	264.3	278.8	190.3	183.2	217.4	182.6
PPT/Royalties	308.5	352.4	239.9	249.9	273.3	401.7	415.0	389.7	334.4	380.2	356.2	357.0	360.2
Others	0.3	0.2	0.5	0.3	0.3	0.3	0.3	1.8	0.5	0.2	0.4	1.0	7.8

The performance of non-oil receipts declined relative to the preceding month.

Non-oil receipts (gross), at ₦159.91 billion or 18.8 per cent of the total was 18.1 and 36.4 per cent lower than the receipts in the preceding month and the provisional monthly budget estimates, respectively. The fall relative to the receipts in the preceding month was, largely, due to the decline in corporate and education taxes, (Fig. 8, Table 8).

Figure 8: Gross Non-Oil Revenue and Its Components

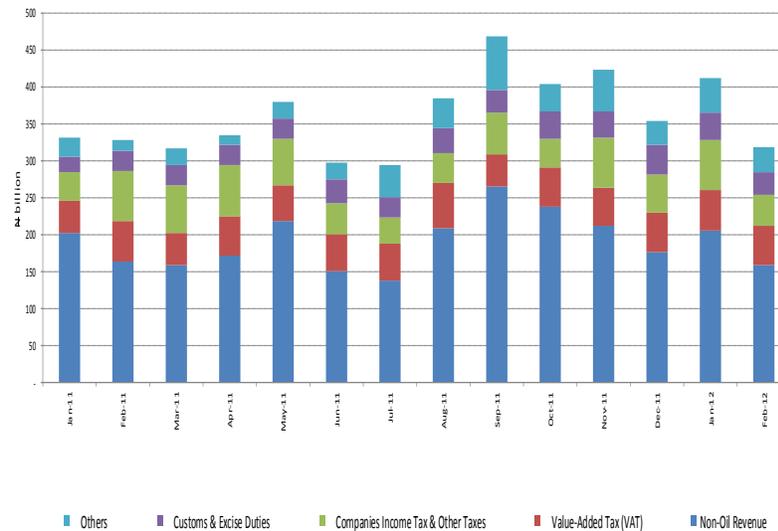


Table 8: Components of Gross Non-Oil Revenue (N billion)

	Feb-11	Mar-11	Apr-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12
Non-Oil Revenue	149.3	138.2	208.7	173.1	196.7	264.6	237.1	237.1	211.8	176.6	205.7	159.2
Value-Added Tax (VAT)	50.8	49.2	61.6	53.8	54.7	66.0	57.0	60.7	51.6	52.3	54.9	53.2
Companies Income Tax & Other Taxes	42.1	35.3	39.8	38.2	65.2	84.7	107.1	79.2	68.6	52.5	66.8	41.6
Customs & Excise Duties	31.4	27.7	34.2	37.6	36.5	40.3	36.1	39.9	35.6	39.5	38.6	30.9
Others	25.0	26.0	73.1	43.6	40.4	73.5	37.0	59.3	56.0	144.3	160.0	33.5

Of the gross federally-collected revenue during the month, the sum of ₦368.18 billion was transferred to the Federation Account for distribution among the three tiers of government and the 13.0% Derivation Fund. The Federal Government received ₦173.45 billion, while the states and local governments received ₦87.97 billion and ₦67.82 billion, respectively. The balance of ₦38.94 billion was credited to the 13.0 per cent derivation fund for distribution by the oil-producing states. Also, the Federal Government received ₦7.2 billion, while the state and local governments received ₦25.56 billion and ₦17.89 billion, respectively, from the VAT Pool Account. Overall, the total allocation to the three tiers of government from the Federation and VAT Pool

Accounts in February 2012 amounted to ₦614.0 billion. This was above the provisional monthly budget estimate of ₦612.2 billion by 0.3 per cent.

3.2 The Fiscal Operations of the Three Tiers of Government

3.2.1 The Federal Government

Federal government estimated retained revenue was lower than the preceding month by 4.2 per cent.

At ₦273.71 billion, the estimated Federal Government retained revenue for February 2012, was lower than the provisional monthly budget estimate and receipts in the preceding month by 15.8 and 4.2 per cent, respectively. Of the total amount, the Federation Account accounted for 63.4 per cent, while revenue augmentation, VAT and FGN Independent Revenue accounted for 31.3, 2.8 and 2.5 per cent, respectively (Fig. 9, Table 9).

Figure 9: Federal Government Retained Revenue

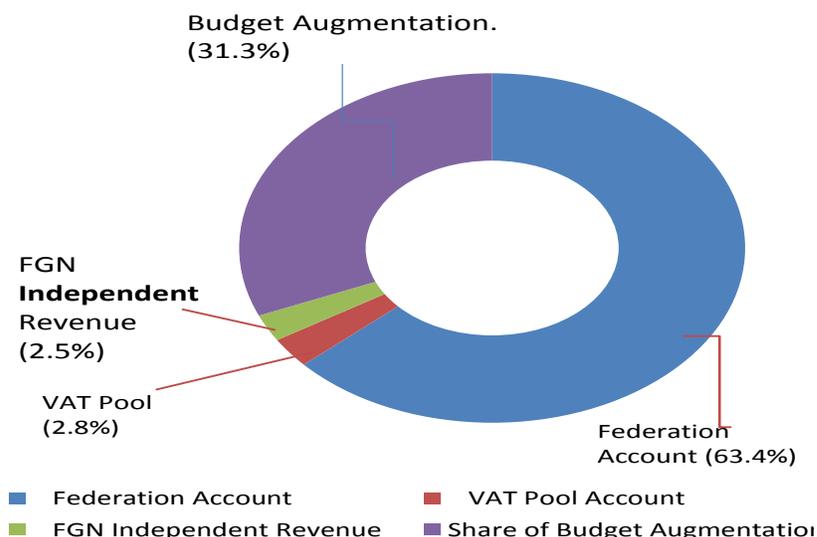


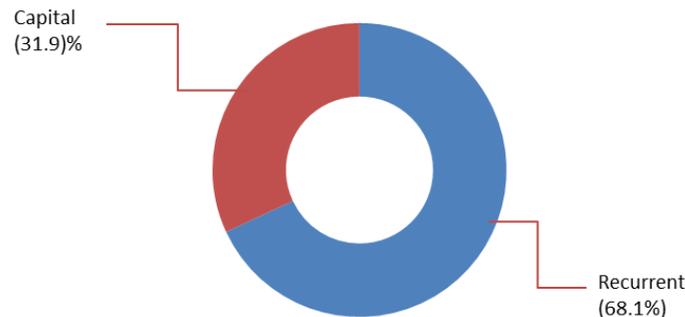
Table 9: Federal Government Fiscal Operations (₦ billion)

	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12
Retained Revenue	193.4	190.6	250.4	229.9	275.5	613.9	280.9	279.1	282.6	285.1	233.6	272.1	273.7
Expenditure	286.5	327.5	298.4	304.1	330.8	354.9	405.3	450.7	326.0	458.2	350.0	388.9	424.9
Overall Balance: (+)/(-)	-93.1	-136.9	-117.6	-74.2	-117.6	313.6	313.6	-171.6	-43.5	173.1	-116.4	-116.8	-151.2

At ₦424.9 billion, total estimated expenditure for February 2012 exceeded both the provisional monthly budget estimate and the level in the preceding month by 1.9 and 33.6 per cent, respectively. The increase in total expenditure relative to the preceding month's level was attributed to the increase in the capital component. A breakdown of total expenditure showed that the recurrent component accounted for 68.1 per cent, while the capital component accounted for the balance of 31.9 per cent (Fig. 10). Non-debt obligations accounted for 75.8 per cent of the total recurrent expenditure, while debt service payments accounted for the balance of 24.2 per cent.

Total estimated expenditure for February 2012 was higher than the level in the preceding month by 33.6 per cent.

Figure 10: Federal Government Expenditure in February 2012



The fiscal operations of the FG resulted in an estimated deficit of ₦151.21 billion in February 2012.

Thus, the fiscal operations of the Federal Government in February 2012, resulted in an estimated deficit of ₦151.2 billion, as against the provisional monthly budget deficit of ₦92.0 billion.

3.2.2 Statutory Allocations to State Governments

During the review month, total receipts by state governments, including the share of VAT and the Federation Account stood at ₦225.0 billion. This represented a decline of 0.1 per cent below the level in the preceding month, but exceeded the level in the

corresponding month of 2011 by 49.8 per cent.

The breakdown showed that, at ₦25.56 billion, receipts from the VAT Pool Account was lower than the level in the preceding month by 6.8 per cent, but indicated an increase of 4.8 per cent over the level in the corresponding period of 2011. Receipts from the Federation Account, at ₦119.45 billion, increased by 0.8 and 58.5 per cent above the levels in the preceding month and the corresponding month of 2011, respectively.

3.2.3 Statutory Allocations to Local Government Councils

Total receipts by the local governments from the Federation and VAT Pool Accounts in February 2012, stood at ₦122.13 billion. This was lower than the level in the preceding month by 1.2 per cent, but higher than the level in the corresponding period of 2011 by 44.6 per cent. Of this amount, receipts from the Federation Account amounted to ₦104.24 billion, while the VAT Pool Account accounted for the balance of ₦17.89 billion.

4.0 *Domestic Economic Conditions*

The dominant agricultural activities in February 2012 were: harvesting of yam tubers; mound making for big yam tubers; manual and mechanized stumping of farms by small holder and commercial farmers, as well as dry season vegetable farming. In the livestock sub-sector, farmers intensified the raising of broilers to replenish the stock sold off during the end of 2011. Crude oil production was estimated at 2.08 million barrels per day (mbd) or 60.32 million barrels during the month. The end-period inflation rate for February 2012, on a year-on-year basis, was 11.9 per cent, compared with the preceding month's level of 12.6 per cent. The inflation rate on a 12-month moving average basis was 11.0 per cent, compared with the preceding month's level of 10.9 per cent.

4.1 **Agricultural Sector**

Available data indicated that dry season harmattan weather condition was witnessed in most parts of the country during the month of February 2012, except in some southern states that witnessed early rains. Consequently, harvesting of yam tubers, mound making for big yam tubers, manual and mechanized stumping of farms by small holder and commercial farmers as well as dry season vegetable farming constituted predominant farming activities during the period. In the livestock sub-sector, farmers intensified the raising of broilers to replenish the stock sold off during the end of 2011, in preparation for the Easter holiday season in the month of April, 2012.

A total of ₦434.2 million was guaranteed to 1,128 farmers under the Agricultural Credit Guarantee Scheme (ACGS) in February 2012. This represented an increase of 323.1 per cent above the level in the preceding month. A sub-sectoral analysis of the loans guaranteed indicated that the food crops sub-sector had the largest share of ₦236.0 million (54.4 per cent) for 739 beneficiaries, while the livestock sub-sector received ₦157.0 million (36.2 per cent) for 303 beneficiaries. The fisheries sub-sector got ₦31.5 million (7.3 per cent) for 61 beneficiaries, while the cash crops

sub-sector got ₦7.0 million (1.6 per cent) for 18 beneficiaries. "Others" got ₦1.8 million (0.5 per cent) for 5 beneficiaries. Analysis by state showed that 26 states benefited from the scheme in the month with the highest sum of ₦173.8 million (40.0 per cent) guaranteed to Lagos state, while Ebonyi state had the lowest guaranteed sum of ₦0.5 million (0.1 per cent).

At end-February 2012, the total amount released by the CBN under the Commercial Agriculture Credit Scheme (CACS) to the participating banks for disbursement stood at ₦164.70 billion.

At end-February 2012, the total amount released by the CBN under the Commercial Agriculture Credit Scheme (CACS) to the participating banks for disbursement stood at ₦164.70 billion for two hundred and twelve (212) projects. A total of twenty eight (28) state governments benefited from the programme (Table 10).

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

S/N	Participating Banks	Amount Disbursed (₦ billion)	Number of Projects
1	United Bank for Africa (UBA) Plc	38.76	34
2	Zenith Bank Plc	20.76	16
3	First Bank of Nigeria Plc	17.60	53
4	Union Bank of Nigeria Plc	15.34	17
5	Unity Bank Plc	14.63	12
6	Stanbic IBTC	11.20	20
7	Access Bank Plc	10.33	11
8	Skye Bank	9.22	7
9	Fidelity Bank Plc	7.57	8
10	GT Bank Plc	5.25	7
11	Sterling Bank	4.57	7
12	Eco Bank Plc	2.67	5
13	Mainstreet Bank	2.00	1
14	Diamond Bank	1.75	6
15	CITIBANK	1.50	1
16	WEMA Bank	0.72	4
17	FCMB PLC Bank	0.58	2
18	Enterprises Bank	0.27	1
	TOTAL	164.70	212

4.2 Petroleum Sector

Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at 2.08 million barrels per day (mbd) or 60.32 million barrels for the month. This was 0.03 mbd or 1.46 per cent above the level in the preceding month. The marginal increase in output was attributed to the completion of repairs on Shell's Bonga oil field and the Nembe Creek trunk pipeline in the Niger delta.

Crude oil export was estimated at 1.63 mbd or 47.27 million barrels. This represented an increase of 1.88 per cent above the 1.60 mbd or 46.40 million barrels (mb) recorded in the previous month. Deliveries to the refineries for domestic consumption remained at 0.45 mbd or 13.05 million barrels for the month.

At an estimated average price of US\$121.71 per barrel, the price of Nigeria's reference crude, the Bonny Light (37° API) increased by 7.1 per cent above the level in the preceding month. The price increase was attributed to the rising tension in the Middle East, especially the imposition of more sanctions on Iranian oil imports and the crises in Sudan and Syria. The average prices of other competing crudes, namely the West Texas Intermediate, at US\$101.11 per barrel, U.K Brent at US\$120.56 per barrel and Forcados at US\$124.28 per barrel exhibited similar trend as the Bonny Light.

The average price of OPEC's basket of eleven crude streams, rose by 5.1 per cent to US\$117.48 per barrel, above the level in the preceding month and 20.3 per cent above the level in the corresponding month of 2011 (Fig. 11, Table 11).

Crude oil and natural gas production was estimated to rise by 1.46 per cent over the level in the preceding month.

In February 2012, crude oil export was estimated at 1.63 mbd, compared to 1.60 mbd in the preceding month

The average price of all the crude streams and the Bonny Light (37°) rose above the levels in the preceding month and corresponding month of 2011.

Figure 11: Trends in Crude Oil Prices

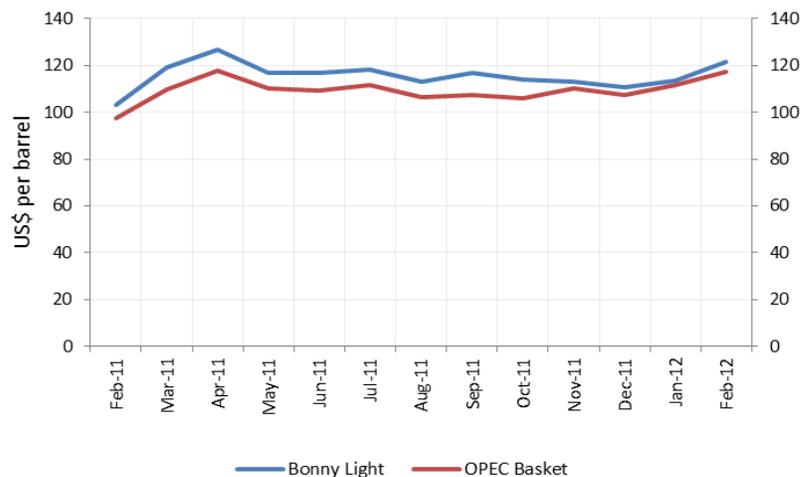


Table 11: Average Crude Oil Prices in the International Oil Market

	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12
Bonny Light	103.23	118.99	126.91	116.99	116.66	118.21	112.81	116.71	114.05	114.05	110.45	113.69	121.71
OPEC Basket	97.69	109.84	117.70	110.39	109.04	111.62	106.32	107.61	105.87	105.87	107.34	111.49	117.48

4.3 Consumer Prices

The general price level rose in February 2012 relative to the preceding month, owing to the increase in the indices of staple food and non-alcoholic beverages as well as household equipment.

Available data showed that the all-items composite Consumer Price Index (CPI) in February 2012 was 130.5 (November 2009=100), representing an increase of 0.2 per cent over the level in the preceding month. The development was attributed to the increase in the prices of staple food items, non-alcoholic beverages, alcoholic beverages, tobacco and kola as well as furnishing, household equipment and household maintenance.

The urban all-items CPI at end-February 2012 was 128.7 (November 2009=100), indicating a decline of 0.2 per cent below the level in the preceding month. The rural all-items CPI for the month was 132.1 (November 2009=100), representing an increase of 0.6 per cent over the level in the preceding month.

The end-period headline inflation rate for February

2012, on a year-on-year basis, was 11.9 per cent, compared with 12.6 per cent in the preceding month. The monthly composite CPI was higher by 0.3 per cent when compared with the level in January 2012. The rise in the headline index was attributed to the rise in prices of many food and non-food items due to the increase in transportation cost as a result of the partial removal of subsidy on the Premium Motor Spirit (Petrol). The inflation rate on a twelve-month moving average basis was 11.0 per cent, compared with 10.9 per cent in the preceding month (Fig. 12, Table 12).

The headline inflation rate on a year-on-year basis declined by 0.7 percentage point to 11.9 percent, while the 12-month moving average rate was 11.0 per cent.

Figure 12: Consumer Price Index

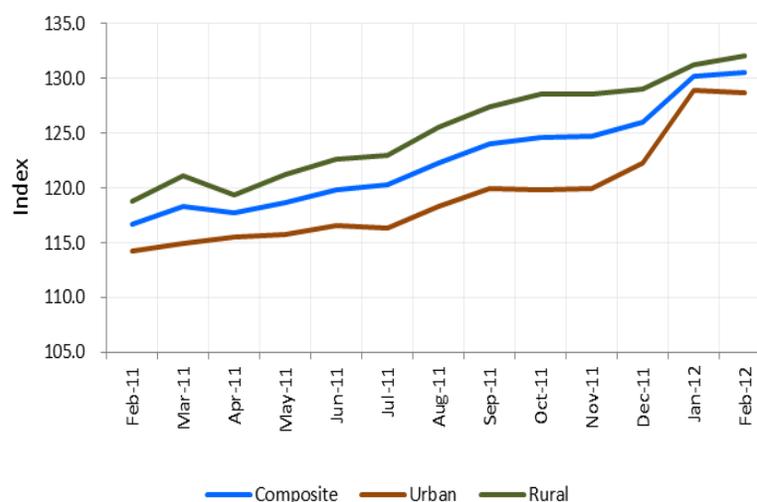


Table 12: Consumer Price Index (November 2009=100)

	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12
Composite	114.2	118.3	117.7	118.7	119.9	120.3	122.3	124.0	124.6	124.7	126.0	130.2	130.5
Urban	112.2	115.0	115.5	115.8	116.6	116.3	118.3	120.0	119.9	120.0	122.3	128.9	128.7
Rural	115.9	121.1	119.4	121.2	122.6	123.0	125.6	127.4	128.6	128.6	129.0	131.3	131.1
CPI - Food	117.7	118.1	119.0	118.5	120.1	120.4	123.7	124.8	125.0	125.4	128.1	129.3	132.8
CPI - Non Food	115.5	117.5	117.9	118.9	119.8	120.1	121.2	123.5	124.8	124.6	124.8	129.1	131.1

Figure 13: Inflation Rate

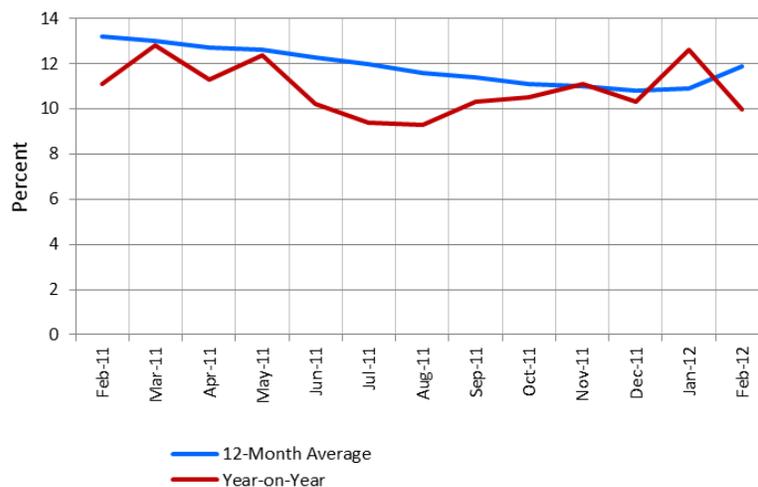


Table 13: Headline Inflation Rate (%)

	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12
12-Month Average	13.7	13.0	12.7	12.6	12.3	12.0	11.6	11.4	11.1	11.0	10.8	10.9	11.0
Year-on-Year	11.8	12.8	11.3	12.4	10.2	9.4	9.3	10.3	10.5	11.1	10.3	12.6	11.9

5.0 External Sector Developments

Provisional data indicated that foreign exchange inflow through the CBN declined by 17.7 per cent below the level in the preceding month, while outflow increased by 32.5 per cent. Total non-oil export receipts increased, by 218.2 per cent, above the level in the preceding month. Total external reserves fell by 0.9 per cent below the preceding month's level. The average exchange rate of the Naira vis-à-vis the US dollar, appreciated by 0.3 per cent to ₦157.87 per dollar at the Wholesale Dutch Auction System (wDAS).

5.1 Foreign Exchange Flows

Foreign exchange inflow and outflow through the CBN in February 2012 were US\$3.55 billion and US\$3.90 billion, respectively, resulting in a net outflow of US\$0.35 billion. Relative to the level in the preceding month, inflow declined by 17.7 per cent, while outflow increased by 32.5 per cent. The fall in inflow was attributed to the decline in crude oil receipts by 19.4 per cent below the level in the preceding month, while the rise in outflow was due, largely, to the 228.8, 108.0 and 24.4 per cent increase in foreign exchange requirement for national priority project, other official payments and wDAS utilization, respectively (Fig. 14, Table 14).

Relative to the level at the end of the preceding month, foreign exchange inflow through the CBN in February 2012 fell by 17.7 per cent, while outflow rose by 32.5 per cent; overall there was a net outflow of US\$0.35 billion during the review period.

Figure 14: Foreign Exchange Flows through the CBN

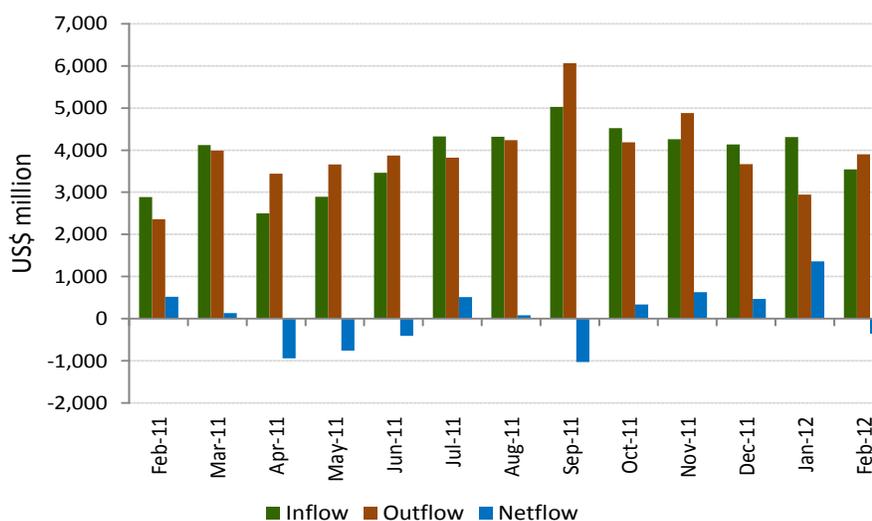


Table 14: Foreign Exchange Flows through the CBN (US\$ million)

	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12
Inflow	3164.7	4119.2	2495.6	2896.1	3463.2	4327.7	4315.0	5030.4	4523.1	4265.0	4132.3	4307.0	3569.5
Outflow	2768.7	3985.9	3439.7	3657.2	3873.7	3818.6	4234.1	6060.7	4184.3	4880.3	3667.1	2945.8	3909.0
Netflow	396.0	629.8	-944.1	-761.1	-410.5	509.1	81.7	-1030.3	338.8	624.3	465.2	1361.2	-339.4

Provisional data on aggregate foreign exchange flows through the economy indicated that total inflow was US\$9.68 billion, representing an increase of 13.6 and 17.1 per cent, above the levels in the preceding month and the corresponding period of 2011, respectively. Oil sector receipts, which fell by 19.4 per cent stood at US\$3.37 billion, and accounted for 34.8 per cent of the total, compared with US\$4.19 billion in the preceding month or 50.1 per cent of the total.

On a month-on-month basis, non-oil public sector inflow, at ₦173.28 million, increased by 43.6 per cent and accounted for 1.8 per cent of the total inflow, while autonomous inflow, at ₦6.13 billion, rose by 45.7 per cent, accounting for 63.3 per cent of the total.

At US\$4.00 billion, aggregate foreign exchange outflow from the economy increased by 32.1 and 37.6 per cent

Non-oil inflows into the economy increased by 43.6 per cent and accounted for 1.8 per cent of the economy-wide total, in February 2012.

above the levels in the preceding month and the corresponding period of 2011, respectively. The net inflow through the economy stood at US\$5.68 billion, compared with US\$5.49 billion and US\$5.36 in the preceding month and the corresponding period of 2011, respectively.

5.2 Non-Oil Export Earnings by Exporters

Total non-oil exports earnings at US\$642.1 million, increased significantly by 218.2 per cent above the level in the preceding month. The development reflected, largely, the increase in receipts in respect of manufactured and industrial goods, agricultural products as well as minerals. A breakdown of receipts showed that proceeds of manufactured, industrial, agricultural, food products, minerals and transport sub-sectors stood at US\$326.8, US\$172.4, US\$108.2, US\$16.7, US\$16.5 and US\$1.4 million, respectively.

The shares of manufactured, industrial, agricultural, food products, minerals, and transport sub-sectors in non-oil export proceeds were 50.9, 26.8, 16.9, 2.6, 2.6 and 0.2 per cent, respectively.

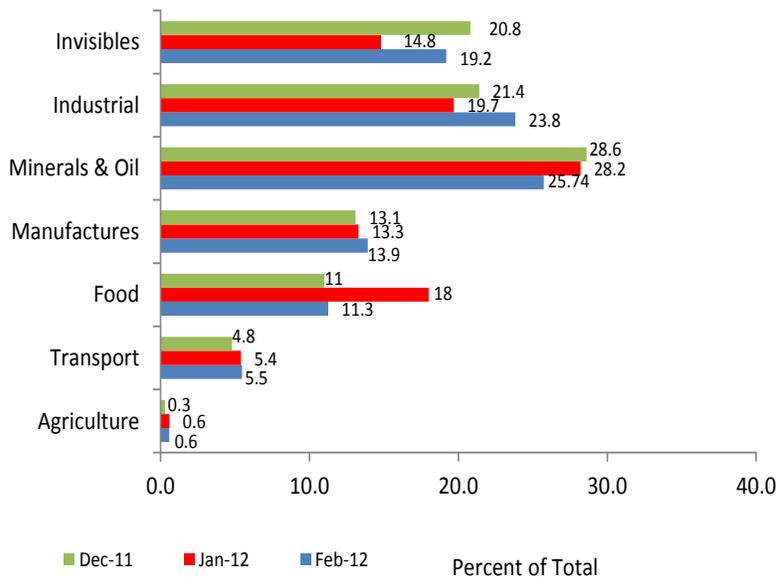
5.3 Sectoral Utilisation of Foreign Exchange

The minerals and oil sector accounted for the bulk (25.7 per cent) of total foreign exchange disbursed in February 2012, followed by industrial sector (23.8 per cent). Other beneficiary sectors, in a descending order included: invisibles (19.2 per cent), manufactured products (13.9 per cent), food products (11.3 per cent), transport (5.5 per cent) and agriculture (0.6 per cent) (Fig.15).

Total non-oil export earnings by exporters increased in February 2012 by 218.2 per cent above the level in preceding month.

The mineral and oil sector accounted for the bulk of the total foreign exchange disbursed in February 2012.

Figure15: Sectoral Utilisation of Foreign Exchange



5.4 Foreign Exchange Market Developments

Aggregate demand for foreign exchange by authorized dealers under the Wholesale Dutch Auction System (wDAS), Bureau-de-change (BDC) and wDAS-Forward contract was US\$2.61 billion in February 2012, showing a decline of 0.3 per cent below the level in the preceding month, but an increase of 11.6 per cent above the level in the corresponding month of 2011. A total of US\$2.88 billion was sold by the CBN to authorized dealers during the period, reflecting an increase of 18.8 37.4 per cent over the levels in the preceding month and the corresponding period of 2011, respectively (Fig.16, Table 15).

Demand for foreign exchange by authorized dealers declined in February 2012 relative to preceding month, but increased when compared with the corresponding month of 2011.

Figure 16: Demand for and Supply of Foreign Exchange

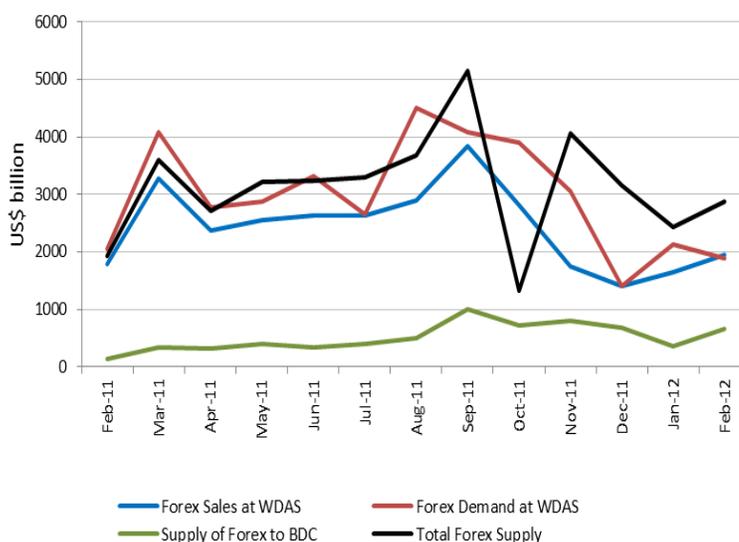


Table 15: Demand for and Supply of Foreign Exchange (US\$ billion)

	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12
Forex Sales at WDAS	1794.8	3274.4	2375.6	2549.9	2632.8	2643.3	2889.1	3850.0	2807.0	1749.6	1397.9	1640.7	1942.2
Forex Demand at WDAS	2041.0	4080.3	2780.4	2878.4	3325.5	2655.2	4504.5	4076.2	3900.0	3054.4	1415.3	2134.0	1892.0
Supply of Forex to BDC	300.0	330.5	322.3	392.0	347.3	398.2	504.3	995.7	716.8	795.4	675.7	365.7	664.5
Total Forex Supply	2094.8	3604.9	2707.8	3217.2	3242.3	3293.7	3677.0	5157.6	3923.0	4056.3	3151.5	2422.7	2878.6

Under the wDAS, the average exchange rates of the Naira vis-à-vis the US dollar, appreciated by 0.3 per cent, to ₦157.87 per US dollar over the level in the preceding month. It also, appreciated at the BDC and the interbank segments by 2.3 and 1.7 per cent to ₦160.85 and ₦158.89 per US dollar, respectively, over the rates in the preceding month.

Consequently, the premium between the wDAS and bureau-de-change rates narrowed from 4.0 per cent in the preceding month to 1.9 per cent, while at the interbank market, it narrowed to 0.5 per cent from 1.8 per cent in the preceding month.

The Naira exchange rate vis-à-vis the US dollar, on average, appreciated at the wDAS, BDC and Interbank segments, of the market.

The premium between the wDAS and the BDC rate was 1.9 per cent, but 0.5 per cent between wDAS and the interbank segment.

Figure 17: Average Exchange Rate Movements

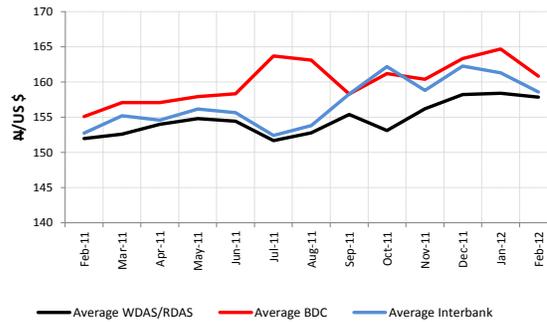
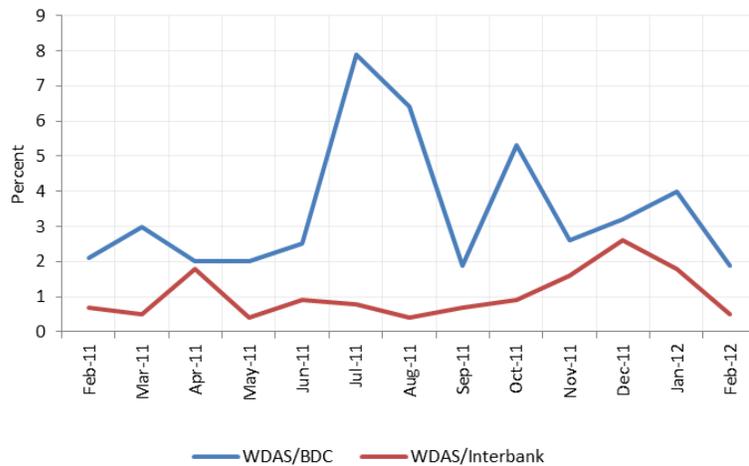


Table 16: Exchange Rate Movements and Exchange Rate Premium

	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12
Average Exchange Rate (N/\$)													
WDAS/RDAS	151.9	152.6	154.0	154.8	154.5	151.8	152.8	155.4	153.1	156.2	158.2	158.4	157.9
BDC	155.1	157.1	157.1	158.0	158.3	163.7	163.1	158.3	161.2	160.4	163.4	164.7	160.9
Interbank	152.7	155.2	154.6	156.2	155.7	152.4	153.8	158.3	162.2	158.8	162.3	161.3	158.6
Premium (%)													
WDAS/BDC	3.0	2.0	3.0	2.0	2.0	2.5	7.9	6.4	1.9	2.6	3.2	4.0	1.9
WDAS/Interbank	0.7	0.5	1.8	0.4	0.9	0.8	0.4	0.7	0.9	1.6	2.6	1.8	0.5

Figure 18: Exchange Rate Premium



Gross external reserves decreased by 0.9 per cent in February 2012.

5.5 Gross External Reserves

The gross external reserves at end-February 2012 stood at US\$33.85 billion, indicating a decrease of 0.9 per cent below the level at the end of the preceding month. A breakdown of the reserves showed that CBN

holding stood at US\$24.45 billion (72.2 per cent), Federal Government holding was US\$2.66 billion (7.9 per cent) and the Federation Account portion (Excess Crude) was US\$6.74 billion (19.9 per cent) (Fig. 19, Table 16).

Figure 19: Gross External Reserves

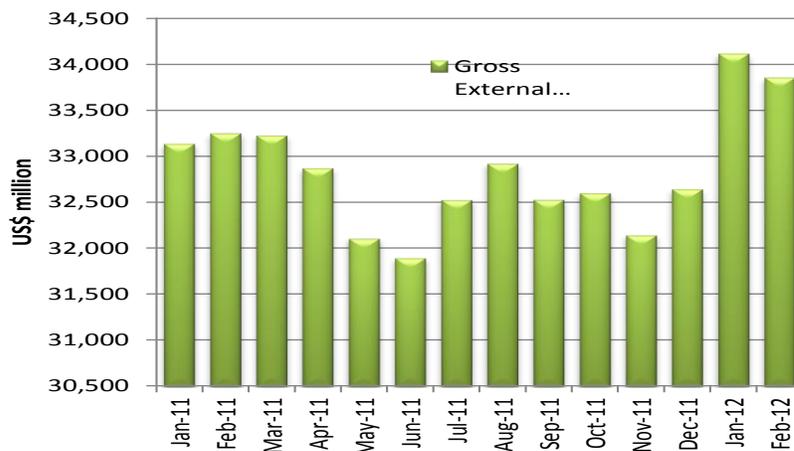


Table 17: Gross External Reserves (US\$ million)

	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12
External Reserves	33246.1	33221.8	32866.9	32100.8	31890.5	32521.7	32914.0	32525.4	32594.7	32139.0	32639.8	34136.6	33851.2

6.0 Other International Economic Developments and Meetings

World crude oil output in February 2012 was estimated at 89.11 million barrels per day (mbd), while demand was estimated at 87.84 mbd, compared with 88.80 and 88.10 mbd supplied and demanded, respectively, in the preceding month. Increased production from Libya, Angola and Iraq accounted for the rise in output, while the weak growth in the Organization for Economic Cooperation and Development (OECD) countries along with the surge in oil prices accounted for the fall in demand.

Other major international economic development and meetings of importance to the domestic economy during the review period included: the conclusion of the discussions by the Board of the International Monetary Fund (IMF) on its staff report on Article IV Mission to Nigeria on February 22, 2012. The Report indicated that Nigeria's economic growth during the review period remained strong at 6.7 percent, with the non-oil contributing about 8.3 percent to real GDP. The year-on-year inflation rate declined from 11.8 percent in 2010 to 10.3 percent in December 2011 in response to the monetary tightening measures adopted by the Central Bank of Nigeria (CBN) and the moderation of food prices. It also noted that the non-oil primary deficit of the Federal Government fiscal operations was narrowed from 34.6 percent of non-oil GDP in 2010 to 32.9 percent in 2011, driven largely by higher oil price. The Nigerian authorities were applauded by the IMF team for its countercyclical policies that have supported economic activity in challenging circumstances. They also supported Nigeria's strategy to rebuild fiscal buffers through a better prioritization of public expenditure, continued subsidy reform, and improved tax administration.

Key resolutions were adopted by the IMF Board on Nigeria's Article IV Report included:

- The need to improve public financial management, including a stronger framework for managing Nigeria's oil wealth through the establishment of a Sovereign Wealth Fund (SWF) and that a rules-based oil reference price would strengthen the budgetary process and the operations of the SWF;
- Recommended that outlays from the SWF's infrastructure fund be integrated into the medium-term expenditure plans of the government;
- Welcomed the authorities' initiatives to improve the business climate and reform sectors with high employment potential, particularly agriculture etc; and
- The need for continued policies to safeguard macroeconomic stability, diversify economy and make growth more inclusive

Also, the first Bureau Meeting of the Association of African Central Banks (AACBs) in 2012 was hosted by the Central Bank of Nigeria on February 29, 2012. The meeting was preceded by a meeting of the Technical Committee of the AACB on February 27, 2012 and that of the Joint Technical Committee of the African Union Commission and the AACB on February 28, 2012.

Below is a summary of major decisions taken by the Bureau, at the meeting:

- Considered the progress report on the activities of the joint AUC – AACB Committee in charge of the preparation of the study on the strategy for the creation of the African Central Bank (ACB);
- . Noted the unfavorable international economic environment and expressed concern about the impact this situation could have on the economic performances of African economies; and
- Adopted the terms of reference for the Continental Seminar for 2012 on the theme

“Challenges to the Design and Implementation of Macro-Prudential Policy Instruments in Africa”, among others.

Furthermore, the AU Commission and the US Agency for International Development (USAID), on February 1, 2012, discussed the upcoming conference on the Horn of Africa, scheduled for March this year. Among the issues deliberated upon included: the Grow Africa Initiative, the African Risk Capacity (ARC) and strengthening of the African Mission to Somalia (AMISOM) with the aim of placing these issues on the G8 agenda, with the view of attracting enough funding for the programmes. The meeting also discussed the Africa Risk Capacity, which aimed at improving emergency response to food insecurity.

Finally, a task force made up of officials of the ECOWAS Commission and her counterparts from the West African Monetary Institute (WAMI) at the end of a three-day meeting, agreed to boost regional trade by eliminating impediments to intra-community trade intended to improve the implementation of the ECOWAS Trade Liberalization Scheme (ETLS), which is one of the pillars of the region's integration agenda.

APPENDIX TABLES

Table A1: Money and Credit Aggregates

	Feb 11	July-11	Aug-11	Oct 11	Nov 11	Dec 11	Jan 12	Feb 12
Domestic Credit (Net)	8,514.16	8,142.20	9,990.75	10,848.39	11,226.98	13,694.98	13,962.26	13,477.98
<i>Claims on Federal Government (Net)</i>	(664.13)	(1,824.90)	(908.74)	(1,364.71)	(1,191.65)	(531.94)	(722.63)	(576.17)
Central Bank (Net)	(2,965.98)	(3,460.50)	(2,988.74)	(3,988.61)	(3,668.98)	(3,549.53)	(3,581.41)	(3,299.56)
Banks	2,301.85	1,635.70	2,079.54	2,623.89	2,477.32	3,017.58	2,858.76	2,723.40
<i>Claims on Private Sector</i>	9,178.29	9,967.10	10,899.50	12,213.10	12,418.63	14,226.92	14,684.90	14,054.14
Central Bank	424.37	807.90	838.60	2,720.19	2,705.24	4,612.48	4,628.29	4,622.48
Banks	8,753.92	9,159.20	10,060.70	9,492.91	9,713.39	9,614.45	10,056.61	9,431.66
<i>Claims on Other Private Sectc</i>	8,822.74	9,597.20	10,487.60	11,780.28	12,013.11	13,713.70	14,190.75	13,546.01
Central Bank	424.37	807.90	838.60	2,720.19	2,705.24	4,612.48	4,628.29	4,622.48
Banks	8,398.37	8,789.30	9,648.99	9,060.09	9,307.87	9,101.23	9,562.46	8,923.53
<i>Claims on State and Local Go</i>	355.55	369.90	411.90	432.83	405.52	513.22	494.15	508.12
Central Bank	-							
Banks	355.55	369.90	411.90	432.83	405.52	513.21	494.15	508.13
<i>Claims on Non-financial Publi</i>	-							
Central Bank	-							
Banks	-							
Foreign Assets (Net)	6,725.50	7,506.10	6,976.40	6,724.54	6,623.23	7,138.67	7,413.62	7,228.11
Central Bank	5,497.68	5,950.20	5,413.80	5,304.24	5,141.50	5,823.79	5,933.67	5,600.01
Banks	1,227.82	1,555.90	156.60	1,420.30	1,481.73	1,314.88	1,479.95	1,628.10
Other Assets (Net)	(3,643.99)	(3,256.80)	(4,456.40)	(5,395.78)	(5,637.07)	(7,536.15)	(7,626.57)	(7,557.97)
Total Monetary Assets (M2)	11,595.67	12,391.45	12,510.80	12,177.15	12,213.14	13,297.51	13,749.31	13,148.12
Quasi-Money 1/	6,206.54	6,520.96	6,636.80	6,374.30	6,437.19	6,531.91	6,928.39	6,733.18
Money Supply (M1)	5,389.13	5,870.49	5,874.00	5,802.85	5,775.95	6,765.59	6,820.92	6,414.94
<i>Currency Outside Banks</i>	1,024.65	1,039.75	1,060.50	1,038.22	1,069.14	1,245.14	1,093.73	1,081.68
<i>Demand Deposits 2/</i>	4,364.48	4,830.74	4,813.50	4,764.64	4,706.81	5,520.46	5,727.19	5,333.25
Total Monetary Liabilities (M2)	11,595.67	12,391.45	12,510.80	12,177.15	12,213.14	13,297.51	13,749.31	13,148.12
<i>Memorandum Items:</i>	-							
Reserve Money (RM)	1,820.98	2,169.38	1,841.96	2,366.21	2,341.93	2,784.07	2,689.36	2,759.96
<i>Currency in Circulation (CIC)</i>	1,336.81	1,343.60	1,379.72	1,359.58	1,390.70	1,566.05	1,476.07	1,438.62
<i>DMBs Demand Deposit with CBN</i>	484.08	825.78	462.20	1,006.62	951.23	1,218.02	1,213.29	1,321.34

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)

	Feb-11	Jul-11	Aug-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12
Growth over Preceding December (%)								
Domestic Credit (Net)	-2.2	-6.5	14.7	24.6	29.9	57.3	2.0	-1.6
Claims on Federal Government (Net)	40.8	-62.7	19.0	-21.7	-6.2	52.7	-35.9	-8.3
Claims on Private Sector	-6.6	1.4	10.9	24.2	26.3	44.7	3.2	-1.2
Claims on Other Private Sector	-6.7	1.4	10.9	24.5	27.0	45.0	3.5	-1.2
Claims on State and Local Government	-3.9	0.0	11.4	17.0	9.7	38.8	-3.2	-1.0
Claims on Non-financial Public Enterprises								
Foreign Assets (Net)	3.4	15.4	7.2	3.4	1.8	9.7	-3.9	1.3
Other Assets (Net)	1.2	11.7	-20.8	-46.2	-52.8	-104.3	-3.5	-0.3
Total Monetary Assets (M2)	0.6	7.5	8.6	5.7	6.0	15.4	3.4	-1.1
Quasi-Money 1/	4.2	9.5	11.5	7.1	8.1	9.7	6.1	3.1
Money Supply (M1)	-3.3	5.4	5.4	8.8	3.7	21.5	0.82	-5.2
Currency Outside Banks	-5.3	-3.9	-2.0	-4.1	-1.2	15.1	-12.2	-13.1
Demand Deposits 2/	-2.8	7.6	7.2	6.9	4.9	23.0	3.7	-3.4
Total Monetary Liabilities (M2)	0.6	7.5	8.6	5.7	6.0	15.4	3.4	-1.1
Memorandum Items:								
Reserve Money (RM)	-1.34	17.5	-2.0	28.2	26.9	50.9	-3.4	-0.9
Currency in Circulation (CIC)	-3	-2.5	0.1	-1.4	0.9	13.6	-5.8	-8.1
DMBs Demand Deposit with CBN	3.53	76.6	-1.1	115.3	103.4	160.5	11.0	8.5
Growth over Preceding Month (%)								
Domestic Credit (Net)	-2.0	-8.6	22.7	8.7	3.5	22.0	2.0	-3.47
Claims on Federal Government (Net)	9.1	-71.4	50.2	-19.3	12.7	55.4	-35.8	20.3
Claims on Private Sector	-2.5	-0.5	9.4	9.8	1.7	14.6	3.2	-4.3
Claims on Other Private Sector	-2.3	0.5	9.3	9.8	2.0	14.2	3.5	-4.5
Claims on State and Local Government	-9.1	-12.0	0.0	8.2	-6.3	26.6	-3.7	2.8
Claims on Non-financial Public Enterprises								
Foreign Assets (Net)	5.1	16.3	-7.1	0.8	-1.5	7.8	3.9	-2.5
Central Bank	5.4	20.9	-36.8	1.3	-3.1	13.3	1.9	-5.6
Banks	3.8	1.6	1.0	25.2	4.3	-11.3	12.6	10.0
Other Assets (Net)	-3.4	-2.3	1.8	-46.2	-4.5	-33.7	-1.2	0.9
Total Monetary Assets (M2)	0.3	1.8	0.1	3.5	0.3	8.9	3.4	-4.37
Quasi-Money 1/	3.9	-0.2	2.0	3.7	1.0	1.5	6.1	-2.8
Money Supply (M1)	-3.2	4.0	-0.4	-3.4	-0.5	17.2	0.8	-6.0
Currency Outside Banks	-0.9	2.3	1.0	2.6	2.9	16.5	-12.2	-1.1
Demand Deposits 2/	-3.7	-3.7	-1.2	0.5	-1.2	17.3	3.7	-6.9
Total Monetary Liabilities (M2)	0.3	0.3	0.3	1.8	0.3	8.9	3.4	-4.4
Memorandum Items:								
Reserve Money (RM)	7.4	7.43	-6.3	24.0	-1.0	18.9	-3.4	2.6
Currency in Circulation (CIC)	-0.3	-0.27	6.0	1.2	2.3	12.6	-5.8	-2.5
DMBs Demand Deposit with CBN	36.6	36.57	-40.2	77.9	-5.5	28.1	11.0	9.0

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 A3: Federal Government Fiscal Operations (₦ billion)

	Feb-11	Jul-11	Aug-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12
Retained Revenue	193.6	613.9	280.9	282.6	285.1	233.6	285.7	273.7
<i>Federation Account</i>	167.1	222.5	254.0	260.7	208.7	194.1	213.6	173.5
<i>VAT Pool Account</i>	7.3	7.9	9.5	8.8	7.4	7.5	6.8	7.7
<i>FGN Independent Revenue</i>	13.4	19.8	8.8	13.1	17.1	4.6	10.6	6.9
<i>Excess Crude</i>	0.0	363.8	7.5	0.0	52.0	0.0	0.0	0.0
<i>Others</i>	0.7	0.0	1.0	0.0	0.0	27.4	0.0	0.0
Expenditure	286.6	354.9	405.3	326.0	458.2	350.0	318.0	424.9
<i>Recurrent</i>	230.6	300.4	296.3	208.9	292.7	263.8	239.2	289.2
<i>Capital</i>	33.3	32.4	83.6	66.5	136.2	64.0	77.1	135.7
<i>Transfers</i>	14.1	22.1	25.5	21.6	21.0	22.2	13.3	20.6
Overall Balance: Surplus(+)/Deficit(-)	-93.0	259.1	124.4	-43.5	-173.1	-116.4	-116.8	151.2

