

# **CENTRAL BANK OF NIGERIA**

## **REPORT FOR THE FIRST HALF OF 2002**

**AUGUST 15, 2002**

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# CENTRAL BANK OF NIGERIA

## REPORT FOR THE FIRST HALF OF 2002

### 1.0 INTRODUCTION

This report reviews the activities of the Central Bank of Nigeria (CBN) and analyses the developments in the economy during the first half of 2002. The report is presented in two main parts. Part 1 focuses on the activities of the Central Bank of Nigeria during the period. In particular, this part reviews the mandate, developmental objectives and policy stance of the Bank as well as its reactions to emerging economic problems. Subsequently, it assesses the outcome of the Bank's operations during the period. Part 2 focuses on the developments in the economy. In this regard, It reviews and appraises major macroeconomic and sectoral policies, highlighting the achievements, problems and challenges and concludes with a prognosis of the economic outlook for the rest of the year.

## PART ONE

### ACTIVITIES OF THE CENTRAL BANK OF NIGERIA

#### 2.0 A Review Of CBN's Mandate And Monetary Policy Stance

In accordance with the statutory mandate, the Central Bank of Nigeria pursued its core function of ensuring price stability via actions aimed at stemming excess liquidity and achieving monetary stability as well as fostering stable exchange rate. It was also very proactive in the surveillance of the financial system, as well as facilitating access of small and medium scale enterprises to funds from the financial markets.

#### 2.1 CBN's Mandate

The core mandate of the CBN as spelt out in the Central Bank of Nigeria (CBN) Act (1991) as amended includes:

- issuance of legal tender currency notes and coins in Nigeria;
- maintenance of external reserves and safeguard of the international value of the legal tender currency;
- promotion and maintenance of monetary stability and a sound and efficient financial system in Nigeria;
- acting as banker and financial adviser to the Federal Government; and
- acting as lender of last resort to banks.

#### 2.2 Monetary and Financial Policy Stance

In line with the mandate and in order to achieve the macroeconomic targets, the CBN adopted a medium-term perspective monetary policy framework, covering 2002 – 2003. The medium-term framework was adopted to minimize the problem of time inconsistency and over/under-reaction due to temporary shocks.

Monetary policy in 2002 was aimed primarily at ensuring price stability. In order to achieve this objective, various policy measures were designed to keep growth in monetary aggregates at levels consistent with GDP and inflation targets. Consequently, quantitative targets for monetary aggregates were set as shown in table 1a.

The following monetary policy instruments were to be employed to achieve the specified targets:

| <b>Table 1a:</b>                             |   |             |             |             |
|--|---|-------------|-------------|-------------|
| <b>Monetary Policy Targets (in per cent)</b> |   |             |             |             |
| <b>Policy Target</b>                         |   | <b>2001</b> | <b>2002</b> | <b>2003</b> |
| (i)  | Growth in Broad Money (M2)                        | 19.6        | 15.3        | 15          |
| (ii)   | Growth in Narrow money (M1)                       | 4.2         | 12.4        | 13.8        |
| (iii)  | Growth in Total Bank Credit to the Economy        | 109.3       | 57.9        | 25.7        |
| (iv)   | Growth in Banking system Credit to Government     | 27.6        | 96.6        | -150.3      |
| (v)  | Growth in Banking system Credit to Private Sector | 59.4        | 34.9        | 32.3        |
| (vi)   | Inflation Rate                                    | 9           | 9.3         | 8           |
| (vii)  | GDP   | 5           | 5           | 6           |

- Open Market Operations (OMO), conducted in Nigerian Treasury Bills (NTBs), which was complemented with:
  - Cash Reserve Requirement (CRR), which was fixed at 12.5 per cent of total deposit liabilities and;
  - Liquidity Ratio (LR), which was fixed at 40.0 per cent.

### 2.3 Interest rate policy

The thrust of interest rate policy in 2002 was the sustenance of a market-based interest rate regime. Consequently, the discount window was kept open with Minimum Rediscount Rate (MRR) set at 20.5 per cent per annum.

### 2.4 Financial Sector Surveillance

The Bank's policy stance on surveillance was to maintain financial sector stability by:

- ensuring sound management,
- setting, maintaining and enforcing compliance with prudential guidelines, and
- forestalling abuse of standards in banks and other financial institutions.

### 2.5 Foreign Exchange Policies

Foreign exchange policies in 2002 were geared towards exchange rate

stability and achievement of balance of payments viability. In addition to the existing policy measures, other new measures enunciated in 2002 included:

- The two-way quote system at the IFEM;
- The Inter-bank Foreign Exchange Market (IFEM), to operate freely under the relevant laws and regulations;
- Foreign exchange purchased from CBN at IFEM, to be used for eligible transactions and was not transferable in the Inter-bank Foreign Exchange Market;
- Holders of ordinary domiciliary account to continue having unfettered access to funds in their accounts, while utilisation of funds in the non-oil export domiciliary accounts to be subject to eligible transactions;
- All oil and oil service companies to continue selling their foreign exchange brought into the country to meet their local expenses to any bank of their choice, including the CBN;
- Current transactions involving the use of bills for collection remained permissible provided relevant documents were passed through authorised dealers. Transactions executed on private sector initiative, were to carry no government guarantee or obligations;

- The maximum amount which bureaux de change can sell was retained at US \$5,000.00 per transaction;
- Funding of Business Travel Allowance (BTA) and Personal Travel Allowance (PTA) remained eligible in IFEM, subject to the maximum ceiling of US \$2,500.00 per quarter for BTA and US\$2,000.00 per six months (twice a year) for PTA for beneficiaries above 12 years old. For travels to countries in the ECOWAS sub-region, BTA and PTA was to be issued in ECOWAS Travellers' Cheques;
- Bureaux de change operators, to source their foreign exchange requirements (in Travellers Cheques) from the IFEM; and
- The maximum life span of an approved Form 'M' for importation of machinery, plant and equipment retained at 540 days.

## 2.6 Developmental functions

The policy objective of the Bank is to promote non-inflationary growth, by enhancing bank credit access to farmers and small and medium scale enterprises via:

- Agricultural Credit Guarantee Scheme Fund (ACGSF);

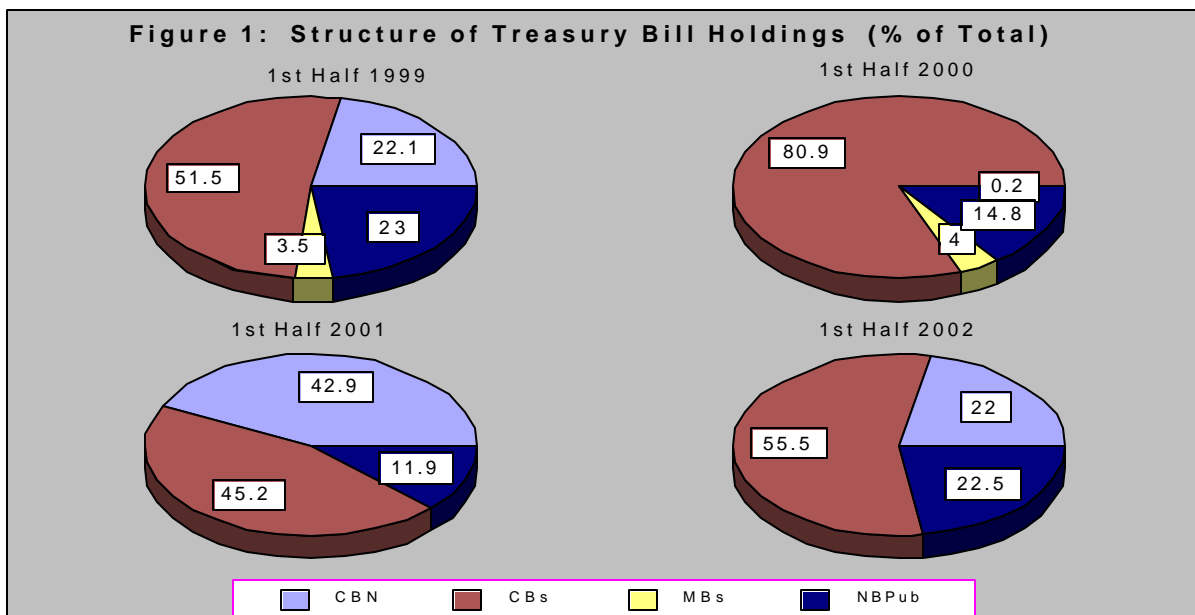
- Supervision of the utilization of credit facilities under the SME II;
- The implementation of the Small and Medium Industries Equity Investment Scheme (SMIEIS); and
- The introduction of Rediscounting and Refinancing Facility (RRF) at concessionary interest rate.

## 3.0 OPERATIONS OF THE CENTRAL BANK OF NIGERIA

### 3.1 Liquidity Management

OMO remained the dominant instrument of monetary management, complemented by reserve requirements and discount window operations.

- Transactions in OMO indicated remarkable improvement over the levels in the preceding half-year and the corresponding period of 2001. The development was attributable largely, to the attractiveness of the yield on the intervention securities. The market witnessed significant patronage in February and May. The rise in demand in February followed largely, the improved liquidity position of the banks while the development in May was reinforced by the diversion of funds to OMO auctions from the primary market as a result of the





unexpected downward review of the issue rate. Consequently, aggregate bids and sales stood at ₦305.1 billion and ₦291.4 billion in the review period, compared with ₦266.5 billion and ₦258.4 billion in the preceding half-year and ₦136.8 billion and ₦128.5 billion in the corresponding period of 2001.

- In the primary market for NTBs, a total of ₦1,169.1 billion was issued to replace maturing bills of the same tenor during the period. Total subscription and sales amounted to ₦643.3 billion a piece compared with ₦467.2 billion and ₦433.9 billion in the preceding half year. The surge in the banking system's liquidity coupled with the attractiveness of the treasury bill rate, accounted for the significant increase in subscription by banks and non-bank public in the primary market. However, the total treasury bills outstanding remained the same at end-December 2001 level amounting to ₦584.5 billion. CBN's holding of the treasury instrument at end-June 2002 constituted 22.0 per cent of total outstanding, compared with 55.7 and 42.8 per cent at end-December and end-June 2001, respectively.
- There was no new issue of CBN Certificates in the review period, while matured Certificates amounting to ₦80.7 billion were repaid. The matured investment consisted of 180-day and 360-day tranches amounting to ₦59.0 billion and ₦21.7 billion, respectively. Consequently, only one issue of the 180-day maturity valued at ₦4.0 billion remained outstanding as at the end of the period under review.

### 3.2 Financial Sector Surveillance

In the continued effort to sanitise the financial system, the Central Bank of Nigeria (CBN) in February 2002, revoked the operating licence of Savannah Bank

PLC<sup>1</sup>. With this action, the number of deposit money banks in operation declined from 90 at end-December, 2001 to 89 at end-June, 2002. Consequently, the branch network of the banks declined from 2,994 in December 2001 to 2,984 at the end of the first half of 2002.

The number of outstanding applications for new bank licences rose from 24 as at end-December 2001 to 27 by end-June 2002. This included 3 approvals-in-principle (AIPs) that had been granted and 24 others, which were at various stages of processing. However, no banking licence was issued during the first half of 2002.

Consequent to the need to strengthen the operations of the existing banks, the minimum capital requirement of banks, which was fixed at ₦500 million, was reviewed to ₦1.0 billion with the deadline for compliance fixed for 1<sup>st</sup> January 2003. The minimum requirement for new banks, however, remained at ₦2.0 billion. As at end-June 2002, the web-enabled Credit Risk Management System (CRMS) database had an outstanding credit balance of ₦566.7 billion for 20,669 borrowers of ₦1.0 million and above, compared with ₦433.4 billion for 19,608 borrowers in the corresponding period of 2001.

The CBN continued to address the problem of distress in the banking system in a more pragmatic manner. The contingency plan for banks' distress resolution, which was prepared by the CBN in line with international best practices, was to be adopted for implementation by the operators from July, 2002. Moreover, in pursuance of the role of the CBN as the lender of last resort, the CBN introduced a private sector funded 'lifeboat' arrangement that

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<sup>1</sup> The revocation of the banking license is presently a subject of court litigation. In the interim, the bank has discontinued its operations

allowed banks in temporary liquidity problem to access the facility for liquidity support. This effort was aimed at promoting a sound and effective banking system.

During the first half of the year, an average of 10 banks failed to meet the capital adequacy requirement of 8.0 per cent. Consequently, the banks were closely monitored and directed to re-capitalise. At end-March 2002, the total credit portfolio of the banks in Nigeria amounted to ₦743.6 billion, out of which 14.6 per cent was non-performing. Thirty-eight banks constituting 42 per cent of the total banks in the system were found to be net-takers of funds in the inter-bank market. Also, as at end-June 2002, 10 banks had their accounts with the CBN overdrawn resulting in an aggregate overdrawn position of ₦6.1 billion

The surveillance of the other financial institutions was intensified during the first half of 2002. Efforts were made by the CBN to sanitise the community banking sub-sector with the granting of final operating licences to 282 community banks (CBs) during the period under review. The re-capitalisation exercise for the bureaux de change continued as efforts were made to verify their existence and status with a view to revalidating their licences. At end-June 2002, a total of 267 CBs were reported to be in operation. Out of this number, only 13 had met the minimum paid-up capital requirement of ₦10.0 million, while 67 were given 6 months with effect from June 2002 to comply. The remaining 187 CBs whose addresses could not be located, were given 4 weeks from 12<sup>th</sup> June, 2002 to contact the CBN or have their operating licences revoked.

### **3.3 Foreign Exchange Management**

The management of foreign exchange by the CBN has continued to

be through the Inter-bank Foreign Exchange Market (IFEM). The Bank sustained the daily intervention in the market during the first half of the year, in spite of the huge demand pressures and dwindling inflows. The CBN conducted a total of 121 IFEM intervention sessions that involved 3,780 deals during which all demands by the authorised dealers were fully met. In order to encourage inward transfers and increase the supply base in the foreign exchange market, authorised dealers were required to ensure full compliance with the provision on international inward money transfers where beneficiaries had a right to collect their money in the currency of remittance. Also, to minimise capital flight, guidelines for remittance on judgement debt were revised during the review period. Other measures included the commencement of direct sale of Travellers' Cheques to end-users by Travelex in Nigeria under a pilot project; and the conditional approval of foreign bank guarantee as collateral for naira denominated loans.

### **3.4 Debt Conversion Programme (DCP)**

The level of activities in the debt conversion programme continued to decline as four applications were received compared with six in the corresponding period of the preceding year. However, the value of applications received amounted to US\$1,450.73 million, representing an increase of US\$702.03 million or 93.8 per cent over the level in the same period of 2001. Out of the total applications received, two valued at US\$68.30 million were approved in principle compared with two valued at US\$672.19 million in the first half of 2001.

At end-June 2002, external debt valued at US\$3.59 million was redeemed under the auction system compared with US\$15.6 million in the same period of

2001. The total value of debts redeemed since inception amounted to US\$1,429.94 million. Other benefits received included discounts (US\$0.28 million or ₦32.04 million) and transactions commission (₦9.48 million).

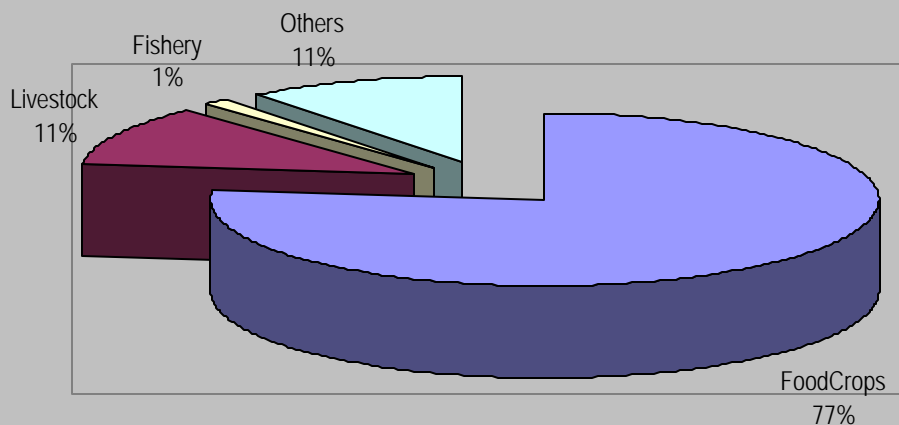
Total disbursements of proceeds to beneficiaries were ₦0.4 billion compared to ₦1.3 billion in the first half of the preceding year, while the cumulative amount disbursed was ₦0.4 billion. Sectoral breakdown of disbursements during the period showed that Hotel and Tourism accounted for ₦369.9 million or 100 per cent of the total.

### 3.5 Development Finance Operations

#### 3.5.1 Agricultural Credit Guarantee Scheme Funds

The paid up capital of the Agricultural Credit Guarantee Scheme Fund (ACGSF) remained at ₦2.3 billion as no new resources were injected into the Fund. The balance of ₦0.8 billion required to bring the Fund to the new share capital of ₦3.0 billion is yet to be paid by the Federal Government. During the period, earnings from investment in government securities, mainly treasury bills and CBN certificates, boosted the resources of the Fund to ₦3.1 billion. However, there was a slow down in the activities of the ACGS as the volume and value of loans guaranteed during the period declined. The volume and value of loans stood at 1,579 and ₦66.5 million, respectively, representing a decline of 46.4 and 37.0 per cent, respectively, below the levels in June 2001. This development was attributed largely to the risk aversion of bank operators.

Figure 2: Sectoral Breakdown of ACGSF Loans by value, Jan-June, 2002



A sectoral break down of the loans guaranteed during the period by number showed that the food crop sub-sector accounted for 81.7 per cent while the livestock, fishery and others accounted for 5.4, 2.0 and 10.9 per cent, respectively. Figure 2 shows the distribution of the value of loans guaranteed by subsector. Analysis of loans guaranteed by size showed that medium-size loan of between ₦20,001 and ₦100,000 accounted for 1,211 or 76.7 per cent and valued ₦47.5 million. This shift could be attributed to the high cost of production arising from upward movement in price levels, which rendered smaller values inadequate for the operations of small-scale farmers. Small-scale farmers borrowing ₦20,000 and below accounted for 306 loans or 19.4 per cent valued ₦13.3 million.

A total of 9,552 loans valued ₦290.9 million were fully repaid in the first half of 2002. This represented increases of 1.6 and 5.6 per cent in volume and value, respectively, when compared with a corresponding period of 2001. A total of 66 claims valued ₦2.7 million were settled showing a decline of 58.2 per cent in volume but an increase of 129.9 per cent in value when compared with the levels in the first half of 2001. During the period under review, 42 loans valued ₦21.5 million for which lending banks had filed claims were recovered, indicating the positive response of defaulters to the loan recovery drive of the managing agent.

### **3.5.2 The Small and Medium Industries Equity Investment Scheme (SMIEIS)**

The Small and Medium Industries Equity Investment Scheme (SMIEIS), which was launched in 2001 made substantial, progress during the first half of 2002. As at end-June 2002, 75 banks had set aside the sum of ₦7.1 billion for equity investment in viable ventures

under the scheme. Of this amount, eleven banks had invested the sum of ₦0.6 billion or 8.0 per cent. The modest performance was attributed to the cautious approach of the investing banks and bureaucratic delays.

### **3.6 CBN Assets and Liabilities**

Available data indicated that the total assets/liabilities of the Central Bank declined by ₦42.3 billion or 2.0 per cent below its end-December 2001 level to ₦2,033.1 billion, in contrast to an increase of ₦374.0 billion or 20.9 per cent in the first half of 2001. The decline reflected largely, the ₦127.8 billion or 10.8 per cent decrease in the Bank's foreign assets, following unfavourable developments in the international oil market. Conversely, the domestic assets of the Bank rose by ₦85.5 billion or 9.6 per cent as a result of the substantial rise in other assets.

At ₦979.2 billion, the Bank's domestic assets, comprising mainly investment in government securities increased by 9.6 per cent, compared with the 43.0 per cent increase recorded in the corresponding half-year of 2001. The Bank's holding of treasury securities declined by 31.0 per cent from its level in December 2001 to ₦509.9 billion, while rediscounts and advances declined significantly by 79.4 per cent to ₦1.5 billion during the period. Central Bank's Ways and Means Advances to the Federal Government stood at ₦42.3 billion at end-June 2002. Other assets of the Bank increased substantially by 219.9 per cent to ₦461.4 billion. Total deposit liabilities of the CBN declined by ₦305.5 billion or 27.0 per cent to ₦826.2 billion, while the Bank's currency liabilities declined by ₦49.1 billion or 12.2 per cent to ₦354.4 billion. The Bank's general reserves, however, increased marginally from ₦34,527.0 billion to ₦34,527.4 billion, while the paid-

up capital remained unchanged at end-December, 2001 level of ₦3.0 billion.

### 3.7 Services to Third Parties

The CBN disbursed about ₦104.0 million to twelve (12) Nigerian Universities during the period in review. This was the outstanding balance of a total of ₦245.0 million approved by the Bank as grants for capacity building in these institutions. This was to assist in the execution of their capital projects such as the construction of science laboratories, computer facilities and classrooms etc.

## PART TWO

### ECONOMIC REPORT

#### 4.0 A REVIEW OF OTHER MACROECONOMIC AND SECTORAL POLICIES

Macroeconomic policies in 2002 were designed to ensure price stability and reverse the upward trend in inflation rate to a single digit. Furthermore, the policies were to foster an enabling environment for private-sector-led growth in order to boost long-term economic growth and reduce poverty. The monetary policy strategies for achieving these objectives were spelt out in the CBN Monetary Policy Circular No. 36 as well as the Federal Government's Budget statement for fiscal 2002.

#### 4.1 Fiscal Policy Measures

The focus of fiscal policy in 2002 was to increase growth in output and reduce poverty and unemployment. To this end, government reviewed the tariff regime in favour of machineries, spare parts and raw materials. Furthermore, government made efforts to provide fiscal incentives to foreign investors. Overall, the fiscal measures included:

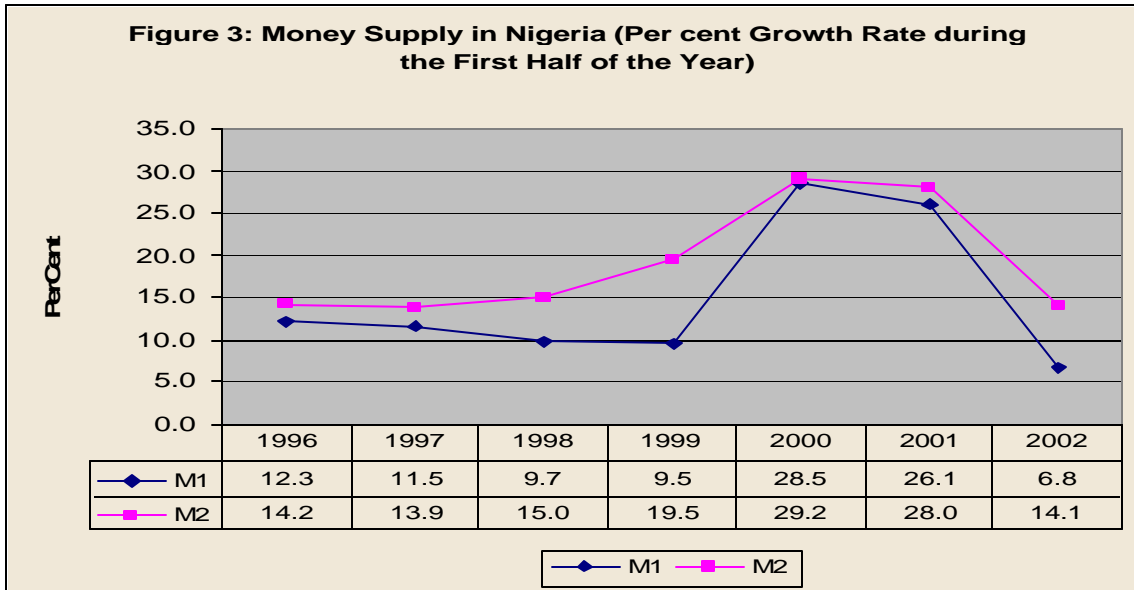
- An aggregate Federal Government budgetary outlay of approximately ₦1,064.8 billion, made up of capital expenditure (46.3 per cent) and Recurrent Expenditure ( 53.7 per cent).
- Retained revenue was projected at ₦634.0 billion.
- An overall deficit was estimated at ₦443.6 billion or 7.7 per cent of GDP.
- The various tax concessions in favour of the manufacturing sector include:
  - Duty reduction on raw materials import, except iron rods;
  - Retention of zero duty on machinery and spare parts;
  - The requirements for manufacture-in-bond scheme were relaxed;
- Incentives for domestic agricultural production included:
  - Ban on bulk importation of vegetable oil;
  - VAT exemption on basic foods.

#### 5.0 DEVELOPMENTS IN THE FINANCIAL SECTOR

#### 5.1 Monetary and Credit Developments

##### 5.1.1 Money Supply

In the first half of the year, the growth in monetary aggregates exceeded programmed targets for fiscal 2002. Available data indicated that broad money supply ( $M_2$ ) increased by 14.1 per cent to ₦1,502.1 billion. On annualised basis,  $M_2$  growth rate would exceed the permissible growth target of 15.3 per cent for the whole year. Similarly, narrow money supply ( $M_1$ ) rose by 6.8 per cent to ₦872.1 billion, compared with the target of 12.4 per cent for fiscal 2002. The levels were, however, lower than the 28.0 and 26.1 per cent growth recorded in the corresponding period of 2001. The rise in  $M_2$  reflected increases in  $M_1$  and quasi-money. The main factors which influenced the rise in  $M_1$  were the

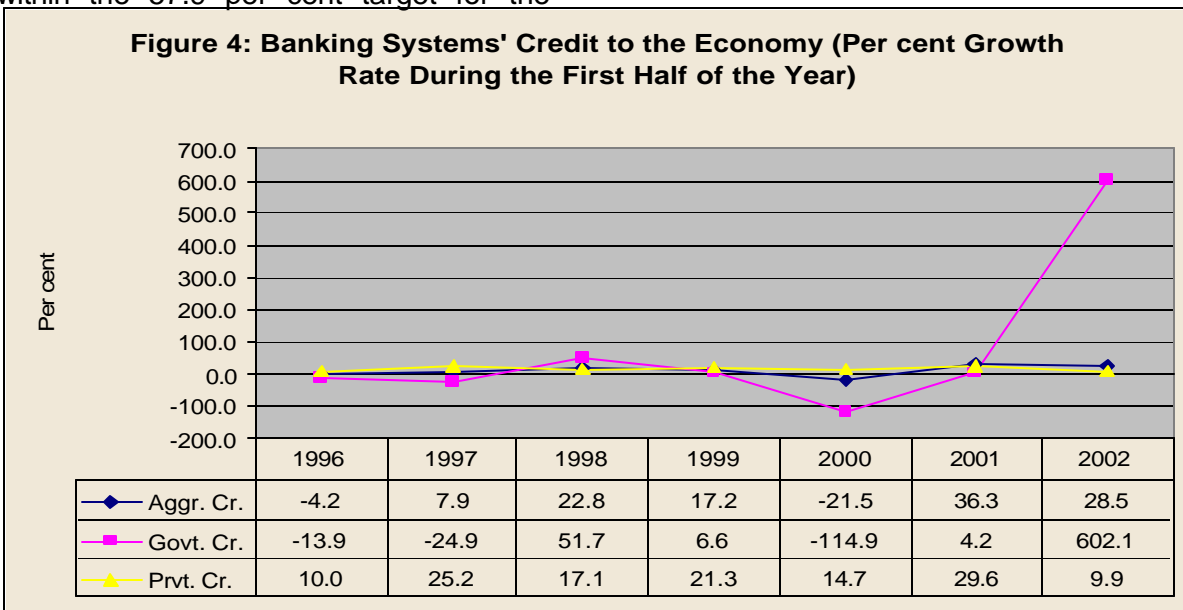


increases of 28.5 and 2.2 per cent in aggregate bank credit (net) to the domestic economy and other assets (net) of the banking system, respectively. The decline of 7.7 per cent in foreign assets and the rise in quasi money, however, exerted some moderating influence on M<sub>1</sub> growth (Table 3).

### 5.1.2 Banking System Credit

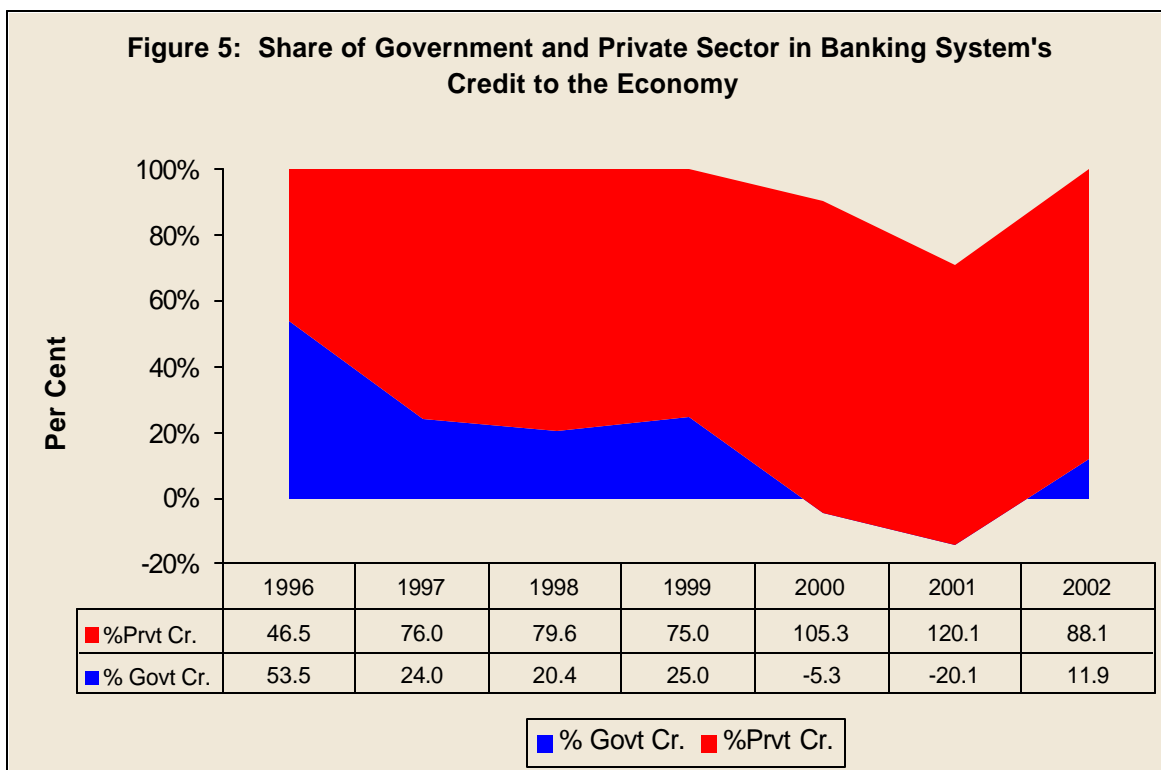
Aggregate banking system's credit to the domestic economy rose by 28.5 per cent to ₦1,066.0 billion. If annualised, the growth rate would be within the 57.9 per cent target for the

entire 2002. The growth in aggregate credit was traceable largely to the rise in credit to the government. Net claims on the government sector rose substantially and exceeded the target of 96.6 per cent by a wide margin and far above the increase of 4.2 per cent recorded in the corresponding period of 2001. The claims by the CBN and the deposit money banks were jointly responsible for the rise in credit to government. CBN's net claims on the sector increased by 47.9 per cent, reflecting largely, the rise in the Bank's direct advances to the Federal Government.





**Figure 5: Share of Government and Private Sector in Banking System's Credit to the Economy**



Credit to the private sector increased by 9.9 per cent to ₦939.4 billion at the end of the review period, compared with 34.9 per cent target growth rate for fiscal 2002 and the increase of 29.6 per cent observed in the corresponding period of 2001. Credit to state and local governments fell by 54.3 per cent, while claims on non-financial public enterprises rose significantly during the period, in contrast to the 7.5 per cent decline a year earlier. Credit to 'other' private sector (non-governmental establishments) recorded an increase of 11.9 per cent, vis-à-vis the 26.2 per cent increase in the first half of 2001.

### 5.1.3 Money Market Developments

Activities in the money market during the first half of 2002 were influenced largely by the state of banking system's liquidity and the developments in the foreign exchange market. The level of money market instruments outstanding at end-June 2002 rose marginally by ₦3.0 billion

or 0.5 per cent to ₦657.0 billion, compared with the ₦7.3 billion or 1.4 per cent increase in the first half of 2001. The increase was driven by the transactions in Bankers Acceptances (BAs), while dealings in Commercial Papers (CPs) and Eligible Development Stocks (EDS) recorded declines during the review period. However, NTBs remained unchanged at the end-December 2001 level of ₦584.5 billion as no new issues were made during the period. NTBs constituted the dominant instrument in the market, accounting for 89.0 per cent of the total value of money market assets outstanding in the review period.

### 5.1.4 Inter-bank Funds Market

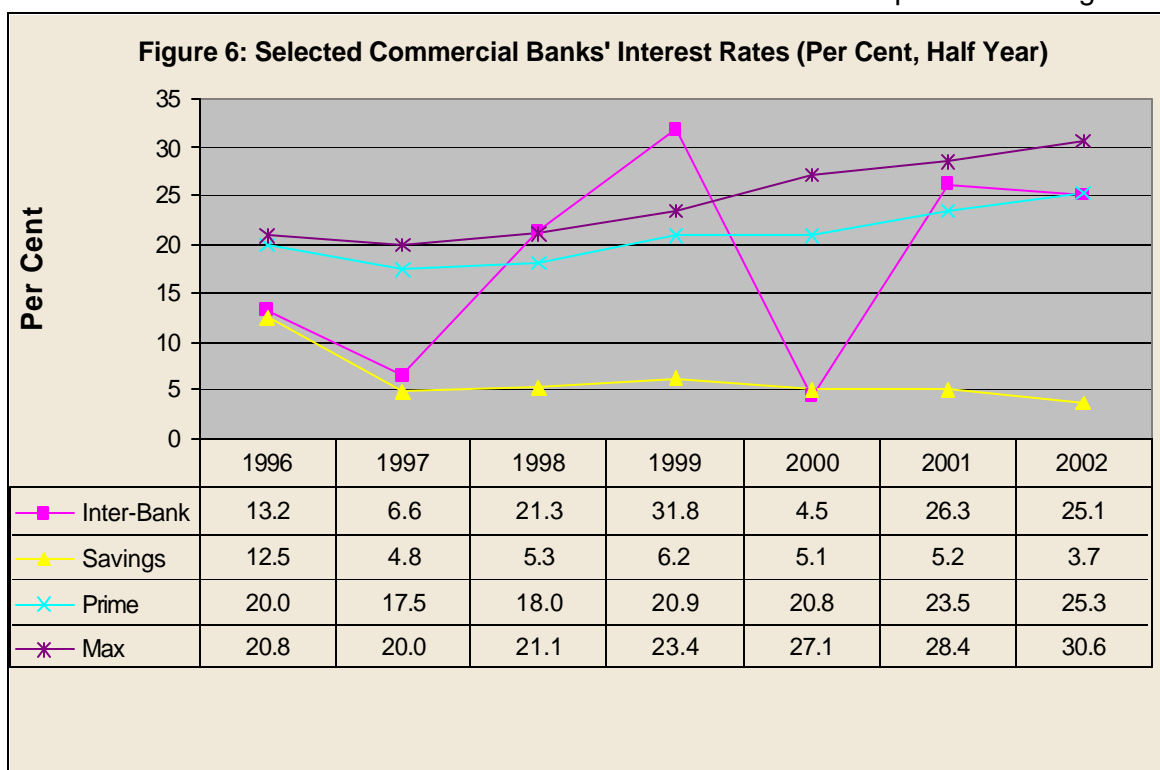
The Inter-bank Funds Market recorded a remarkable reduction in the volume of transactions in the first half of 2002. The development was attributable to the liquidity surfeit in the banking system and the suspension of some banks from the foreign exchange market

following intensified surveillance of the market by the monetary authorities.

At ₦417.2 billion, the total value of transactions in the market declined by 5.1 per cent from the end-December 2001 level, in contrast to the 41.0 per cent increase in the corresponding period of 2001. Transactions in overnight call money, which constituted the dominant maturity (61.1 per cent), rose marginally by 0.2 per cent to ₦254.9 billion from ₦254.5 billion in the preceding half-year. Similarly, the inter-bank call rate, which averaged 24.6 per cent in December 2001, rose to 25.1 per cent in June 2002.

maturity that was 17.9 per cent in the preceding six months declined to 17.0 per cent by end June, 2002, compared with the 16.5 per cent level observed in the corresponding period of 2001. Similarly, the average prime lending rate declined from 26.0 per cent in December 2001 to 25.3 per cent in June, while the maximum lending rate moderated to 30.6 per cent from 31.2 per cent at end-December, 2001. The spread between banks' weighted average deposit and maximum lending rates stood at 13.8 percentage points in June, while the margin between their average savings deposit and maximum lending rates was 26.9 percentage points. With inflation rate estimated at 16.4 per cent in June, the average rates on 3-month, 6-month and 12-month deposits were generally

### 5.1.5 Interest Rates



Reported bank deposit and lending rates showed modest declines during the review period. The average savings deposit rate which stood at 5.0 per cent in December 2001, declined to 3.7 per cent in June 2002, while the average rate on time deposits of 3-month

positive in real terms.

The CBN's Minimum Rediscount Rate (MRR) remained unchanged at end-December 2001 level of 20.5 per cent, while the NTB issue rate in the primary market was adjusted downward from



22.50 to 20.72 per cent in the second quarter. The average inter-bank call rate, however, rose from 24.6 per cent in December 2001, to 25.1 per cent at-end-June 2002 (Table 5).

### 5.1.6 Financial Savings

Aggregate financial savings at end of June, 2002 amounted to ₦646.9 billion, indicating an increase of 25.6 percent over the level in December, 2001. Aggregate savings to GDP ratio rose marginally to 10.5 in June, 2002 from 10.0 per cent at end December, 2001. Deposit money banks (DMBs) continued their dominance as the major depository institutions in the economy. The DMBs accounted for 97.2 per cent of total institutional savings in June 2002, compared with 95.2 per cent in December, 2001. Other institutions that contributed to the level of financial savings included community banks, pension funds and “others”, which accounted for the balance of 2.8 per cent.

### 5.1.7 Capital Market Developments

Transactions in the secondary market reflected improved performance during the first half of 2002 as the major market indicators showed upward trends. The volume of traded securities rose by 20.2 per cent to 2,721.0 million shares, compared with 2,263.2 million shares recorded in June 2001. The value of shares traded also increased by 2.6 per cent from ₦22.8 billion in June 2001 to ₦23.1 billion in June, 2002. Transactions in equities dominated the market, accounting for 99.9 per cent. The balance of 2.6 million stocks valued at ₦0.2 billion was accounted for by government stocks.

An analysis of the transactions showed that the banking sub-sector had a bullish run over other sub-sectors

during the first half of 2002, followed by the petroleum products marketing sub-sector. Market capitalization which stood at ₦644.9 billion in December, 2001 rose by 7.0 per cent to ₦690.0 billion at end-June, 2002. This development reflected the continued positive movements in equity prices as well as improved confidence in the market. The CBN's all sector equity price index increased during the period under review. The index was 12,618.8 at end June, 2002 indicating an increase of 22.0 per cent over the level in December, 2001.

The new issues market was active as two state governments and five companies, including 3 banks, sought funds from the market during the period under review. The breakdown showed that Yobe and Ekiti state governments raised ₦2.5 billion each through the market, while Fidelity Bank Plc, Tourist Company of Nigeria, First Atlantic Bank Plc, Chartered Bank Plc and Presco Co. Plc raised ₦503.8 million, ₦2.6 billion, ₦2.3 billion, ₦124.2 million and ₦798.2 million, respectively. Four of the issues were offers for subscription, while the fifth was by rights issue.

### 5.1.8 Deposit Money Banks

Available data indicated that total assets/liabilities of deposit money banks (DMBs) at end-June, 2002 amounted to ₦2,397.7 billion representing an increase of ₦230.4 billion or 10.6 percent over the level in December, 2001. The system remained oligopolistic, with ten banks accounting for 51.3 per cent of total assets; 52.2 per cent of total deposits; 46.0 per cent of loans and advances; and 34.1 per cent of capital and reserves. Total funds available to the banks during the first half of 2002 amounted to ₦360.8 billion. The funds were sourced mainly from increases in deposit liabilities (₦165.1 billion), accretion to capital accounts (₦88.8 billion), draw-down on

reserves (N36.8 billion), as well as the increase in central government deposits (N30.4 billion), among other sources. The funds were used mainly to expand claims on the central government (N96.3 billion), and the private sector (N111.4 billion); reduce other liabilities (N78.0 billion) and acquire foreign assets (N35.4 billion), among others.

At N1,149.9 billion, aggregate credit of DMBs rose by N151.6 billion or 15.2 per cent over the level at end-December 2001. The banks' credit to the private sector increased by 10.1 per cent during the half-year, compared with the increase of 29.8 per cent in the corresponding period a year earlier, while claims on the Government rose sharply by 42.9 per cent, reflecting the increase in the banks' treasury bill holding.

Aggregate liquidity ratio of the banks was 48.9 per cent, compared with the minimum ratio of 40.0 per cent stipulated for fiscal 2002. Average loan/deposit ratio of banks at end-June, 2002 stood at 73.4 per cent, compared with 54.1 per cent in the corresponding period of 2001.

### 5.1.9 Discount Houses

The performance of discount houses in June 2002 reflected an improvement relative to the first and second halves of 2001. At N52.6 billion, asset/liabilities of discount houses increased by N20.2 billion or 62.6 per cent over the level at end-December, 2001. Funds available to the discount houses in the period under review amounted to N31.6 billion, compared with N13.1 billion in the comparable period of 2001. The funds were sourced mainly from money at call from banks (N25.3 billion), recall of claims from others (N3.0 billion) and reduction in cash balances (N2.0 billion). These funds were utilised to increase investments in Federal

government securities (N20.6 billion), increase claims on banks (N4.6 billion) and reduce other liabilities (N1.9 billion). The discount houses met the statutory requirement with respect to investments in treasury securities as they invested 85.0 per cent, compared with 60.0 per cent stipulated for fiscal 2002.

## 5.2 Fiscal Operations and Developments

### 5.2.1 Federation Account Operations

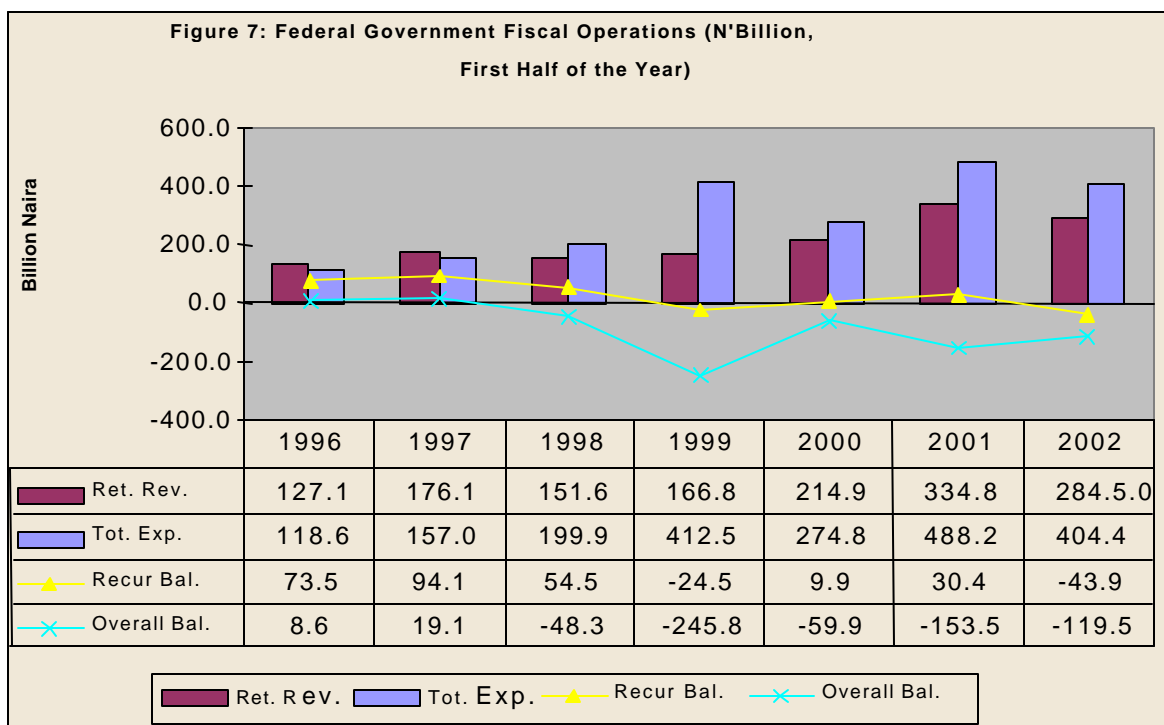
Total federally-collected revenue in the first half of 2002 amounted to N865.2 billion, which was 23.5 per cent lower than the level in the corresponding period of 2001 but 19.0 per cent over the proportionate budget estimate. The higher revenue relative to the budget projections was attributable to receipts from oil sources. The higher price of crude oil per barrel relative to the budget target impacted positively on oil revenue. Total oil receipts fell by 36.0 per cent below the corresponding period of 2001 but increased by 29.7 per cent over the budget target. Non-oil revenue recorded an increase of 41.9 per cent over the corresponding half of 2001, but fell slightly below the budget target by 0.4 per cent. The sum of N620.7 billion or 71.7 per cent of the total federally collected revenue was credited to the Federation Account as against 58.6 per cent in the first half of 2001.

### 5.2.2 Federal Government Finances

The retained revenue of the Federal Government for the period was N284.9 billion, indicating decreases of 14.9 and 10.1 per cent below the amount in the corresponding period of 2001 and the proportionate budget estimate. The aggregate expenditure of the Federal Government, at N404.4 billion showed declines of 24.9 and 17.2 per cent

compared with the proportionate budget estimate for the first half of 2002 and the corresponding period of 2001, respectively. The relatively low expenditure resulted largely from delayed disbursement of capital expenditure. Recurrent expenditure, which accounted for 81.3 per cent of total, exceeded the budget estimate by 13.7 per cent. Consequently, the fiscal operations of the Federal Government during the first half

up by 6.8 per cent when compared with the sum of ₦195.9 billion allocated to this tier of government during the corresponding period of 2001. Total revenue allocation to the states comprised ₦147.6 billion from the Federation Account, ₦25.3 billion from value-added pool account, ₦8.5 billion from excess crude oil proceeds and ₦28.0 billion to the oil producing states in respect of the 13 per cent derivation



of year 2002 resulted in an estimated overall deficit of ₦119.5 billion as against the proportionate budget target of ₦221.8 billion and ₦153.4 billion in the corresponding period of 2001. The deficit was financed with borrowings from the banking system, excess crude oil proceeds and other funds, including past savings.

### 5.2.3 Statutory Revenue Allocation to State Governments and the Federal Capital Territory

Statutory revenue allocations to state governments and the Federal Capital Territory (FCT), Abuja amounted to ₦209.4 billion during the first half of 2002,

principle.

### 5.2.4 Statutory allocations to Local Governments

Total statutory allocation inclusive of VAT to local government councils, in the review period stood at ₦139.6 billion, showing an increase of 11.8 per cent over the level in the corresponding period of 2001. Total statutory allocation comprised of ₦121.9 billion of Federation Account and ₦17.7 billion VAT allocations. These allocations were generally higher than the corresponding period of the preceding year by ₦12.0 billion or 10.9 per cent of Federation

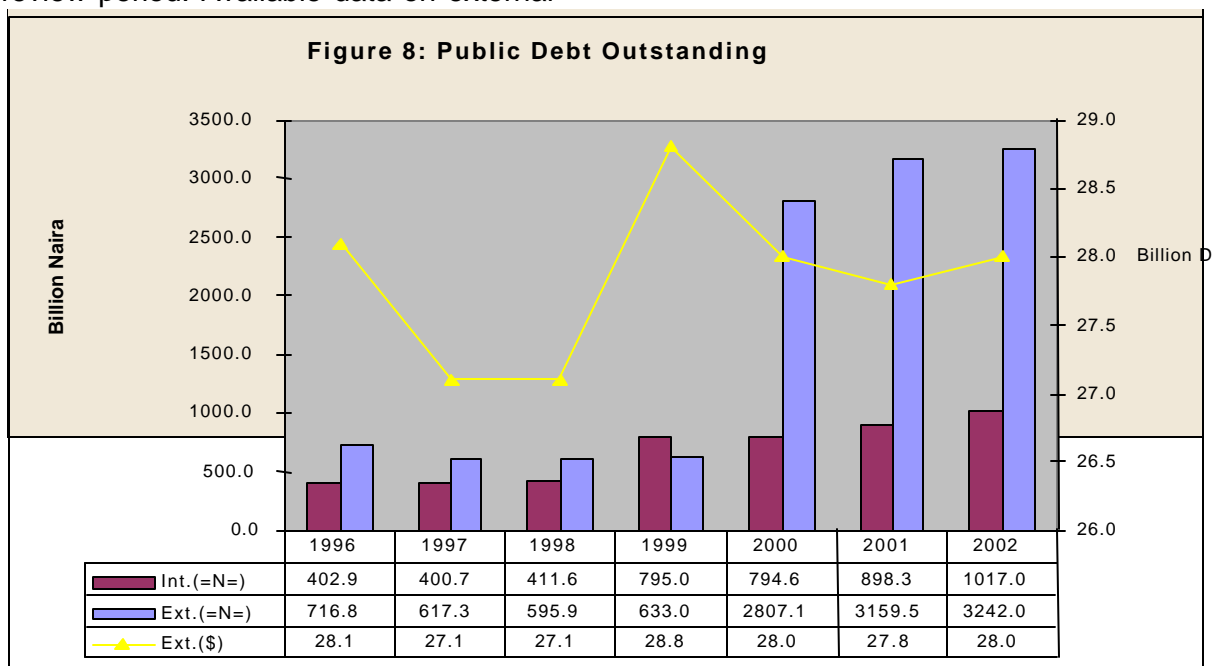
Account Allocation; and ₦2.7 billion or 18.4 per cent of VAT allocation.

### 5.2.5 Public Debt

Domestic debt outstanding at the end of June 2002 stood at ₦1,017.0 billion, indicating an increase of ₦118.6 billion or 10.0 per cent over the level at end-June, 2001. However, the domestic debt outstanding remained at end-December 2001 stock level of ₦1,017.0 billion. The Federal Government redeemed ₦280.0 million development stocks during the review period. Available data on external

## 5.3 REAL SECTOR DEVELOPMENTS

The performance of the Real Sector improved in the first half of 2002. Provisional data indicated that agricultural production grew by 4.1 per cent, while manufacturing capacity utilisation rate, at 36.2 per cent, was higher than the 35.5 per cent recorded in the first half of 2001. Electricity consumption recorded a marginal increase, while the price of crude oil firmed up. There were also improvements in the delivery of social



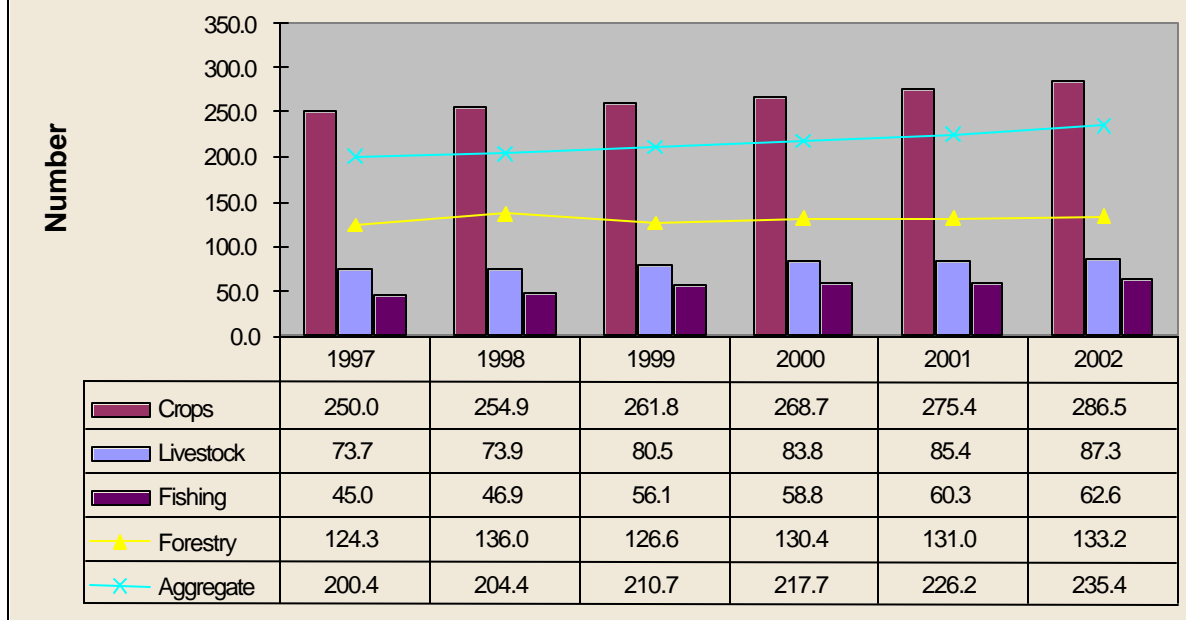
debt outstanding showed that the debt stock at end-June, 2002 stood at US\$28,400.0 million, while external debt service payments for the first half of the year amounted to US\$461.3 million compared with US\$1,383.0 million in the corresponding period of 2001. Of the total debt service payments, 51.0, 6.5, 13.8, and 17.6 per cent accrued to multilateral institutions, the Paris Club of creditors, the promissory notes holders, London Club and other bilateral creditors, respectively.

services, particularly in the health and education sub-sectors. Similarly, inflationary pressures moderated while crude oil production slumped.

### 5.3.1 Agricultural Production and Prices

Output in the agricultural sector expanded further in the first half of 2002. At 235.4 (1984 =100), the index of agricultural production increased by 4.1 per cent, compared with the 3.9 and 3.3 per cent recorded in the first halves of 2001 and 2000, respectively. The

**Figure 9: Index of Agricultural Production (1984 = 100)**



improved performance was accounted for by growth in the output of all the sub-sectors. For instance, crop, fishery and livestock production rose by 4.0, 2.8 and 2.2 per cent, respectively.

The increase in the prices of Nigeria's major agricultural export commodities, at the London Commodities Market observed from the first half of 2001, continued during the period under review. The all commodities price index, in dollar terms, stood at 82.9 (1985=100), representing an increase of 47.8 per cent over the level in the first half of 2001. Of the six commodities monitored, four recorded price increases, while the prices of the remaining two were below their 2001 levels. For instance, the prices of palm oil, cocoa, copra and soya bean rose by 54.4, 49.4, 31.8 and 1.3 per cent, respectively. The improvement in prices was attributed mainly to reduced supply and slight increases in demand. However, cotton and coffee recorded price declines of 23.2 and 5.3 per cent, respectively, reflecting the weak demand for coffee. The increasing use of

synthetic cotton and excess supply combined to dampen the price of cotton.

In Naira terms, the all-commodities index rose by 39.7 per cent to 7915.6 (1985=100). The price increases for the monitored commodities ranged from 15.6 per cent for soya bean to 45.0 per cent for palm oil, except coffee and cotton. Nevertheless, the domestic price of all the commodities recorded price increases. The price of palm kernel, cotton, Soya bean, cocoa and coffee rose by 54.2, 44.3, 2.9, 2.0 and 0.3 per cent, respectively.

The domestic retail prices of all the selected food items rose significantly when compared with their levels in the first half of 2001. The increase ranged from 0.5 per cent for yam flour to 33.8 per cent for beans. The prices of other commodities, such as garri, millet, guinea corn, maize and local rice rose by 9.8, 18.0, 19.3, 19.4 and 21.9 per cent, respectively. The price of palm oil also increased by 13.5 percent, owing largely to rising demand. The price increases

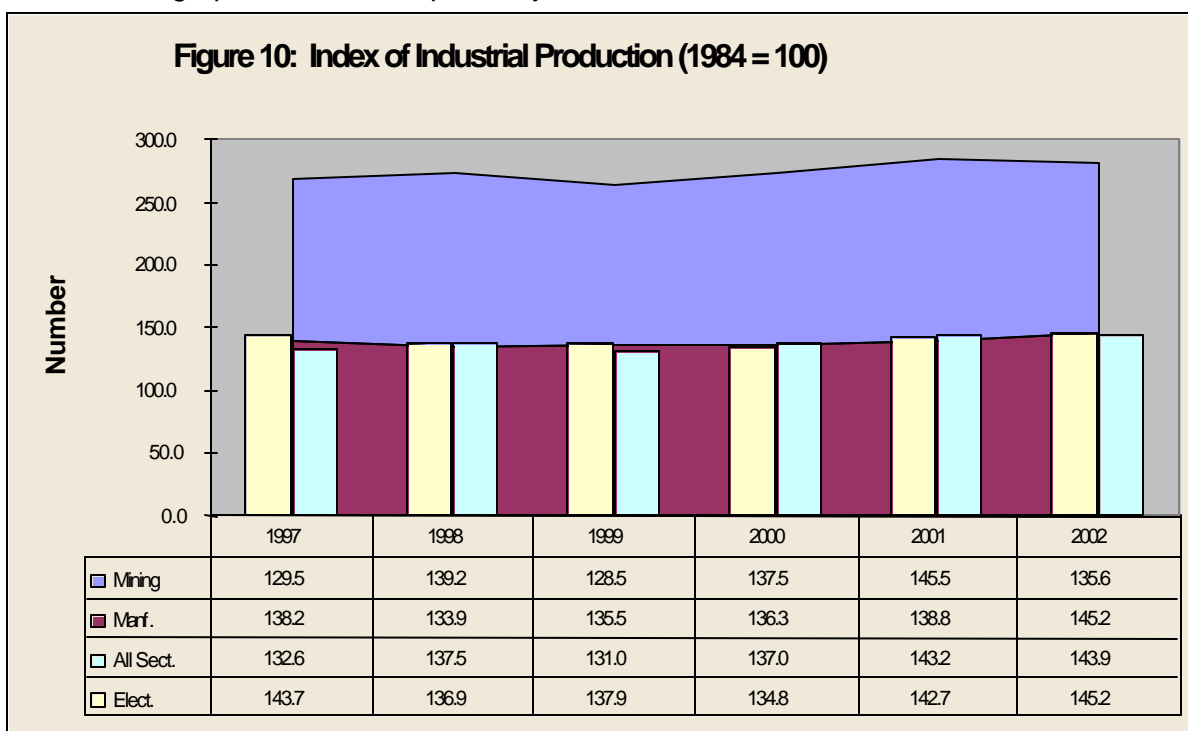
were attributed largely to increased transportation and production costs, arising from high cost of inputs such as fuel, fertilizers and farm machineries. Other reasons included the poor state of rural roads that impeded the smooth transportation of farm produce from the rural to urban centres. Also, increased demand for cassava by industrial starch producers, livestock feed manufacturers and pharmaceutical companies contributed to the upward movement in its price.

Mining output, however, fell by 6.8 per cent. Similarly, the decline in industrial production in relation to the second half of 2001 was accounted for by the slow down in the three sub-sectors: electricity consumption (0.9%), mining output (6.5%) and manufacturing production (0.3%). At 36.2 per cent, the estimated aggregate manufacturing capacity utilization rate rose by 0.7 percentage points over its level in the first half of 2001, but decreased by 0.1 percentage points below the level in the second half of the preceding year.

### 5.3.2 Industrial Production

The tempo of industrial activities rose marginally during the first half of 2002. At 143.9 (1985 = 100), the provisional index of industrial production increased by 0.5 per cent over the level in the corresponding period of 2001, but declined by 0.3 per cent below the level in the preceding half year. The increase in output over the level in the corresponding period of 2001 was accounted for by the 1.8 and 4.6 per cent increase in electricity consumption and manufacturing production, respectively.

Higher manufacturing output was constrained largely, by some lingering problems which included high cost of production, occasioned by high interest rates, depreciating exchange rate, multiple levies and taxes imposed by state and local governments; and low effective demand for local manufactures, induced partly by the influx of cheaper finished products into the country. Other constraints were insecurity of lives and properties, as well as poor infrastructural facilities, which discouraged investments and production.





Mining output declined relative to the levels in the first and second halves of 2001, owing to contraction in petroleum production. Crude oil production, including condensates, estimated at 342.09 million barrels, fell by 9.6 and 12.9 per cent below its level in the first and second halves of 2001. Average daily production stood at 1.89 million barrels, compared with 2.30 million barrels per day (mbd) in the corresponding period of 2001. The decline in crude oil production was attributed to Nigeria's compliance with OPEC quota, which was lowered in order to shore up prices. At 260.64 million barrels, aggregate crude oil exports decreased by 25.0 per cent below the level in the first half of 2001, while a total of 81.45 million barrels was supplied for local refining.

Crude oil prices in the international market were unstable in the first half of 2002, owing largely to OPEC members' non-compliance with production quotas, renewed tension in the Middle-East, release of strategic reserves by the US and Russia's resumption of full production. In spite of these developments, OPEC's efforts paid off as crude prices firmed up during the half year. For example, the average spot price of Nigeria's reference crude, the Bonny Light (37° API), rose from US\$22.36 in the second half of 2001 to US \$24.41 per barrel, representing an increase of 9.2 per cent. It was, however, 8.1 per cent lower than the US \$26.57 recorded in the corresponding period of 2001. The average prices of Forcados, UK Brent, West Texas International (WTI) and Arab Light were US\$23.81, US\$24.07, US\$25.41 and US\$27.77 respectively, during the review period.

The production of natural gas was estimated at 28,471.40 million cubic metres (MMm<sup>3</sup>), which represented an increase of 10.7 per cent over the level in

the first half of 2001. The rise in gas output was attributable to increased exploitation of non-associated gas for use in the Nigeria Liquefied Natural Gas (NLNG) project. Gas flared, which represented 48.2 per cent of the output, totalled 13,711.90 MMm<sup>3</sup> as against 12,253.40 MMm<sup>3</sup> in the corresponding period of 2001.

At 14,759.50 MMm<sup>3</sup>, the volume utilized rose by 9.6 per cent over the level in the same period of 2001. Gas sold to industries increased by 12.3 per cent to 7,533.8 MMm<sup>3</sup>. Conversely, gas used as fuel by oil firms fell by 3.5 per cent to 1,091.30 MMm<sup>3</sup>, while the volume of re-injected gas fell by 4.5 per cent to 4,407.0 MMm<sup>3</sup>.

The total consumption of petroleum products amounted to 5.182 million tonnes during the period under review. This represented an increase of 8.8 per cent over the level in the first half of 2001. The increase in consumption was attributed to improvements in the supply of the products through importation by the NNPC and higher supply from the refineries, following successful turn around maintenance of the facilities. Consumption rose despite increases in the prices of some major petroleum products at the beginning of the year. Except for the liquefied petroleum gas (LPG), automotive gas oil and bitumen/asphalt for which consumption decreased by 25.6, 7.8 and 21.3 per cent to 0.01, 1.06 and 0.24 million tonnes, respectively, the consumption of all other products increased.

Solid minerals production fell in the first half of 2002. Estimated at 1.01 million tonnes, it declined by 2.6 and 6.2 per cent below the levels in the corresponding half of 2001 and the preceding half year. The decline in output relative to the corresponding period of

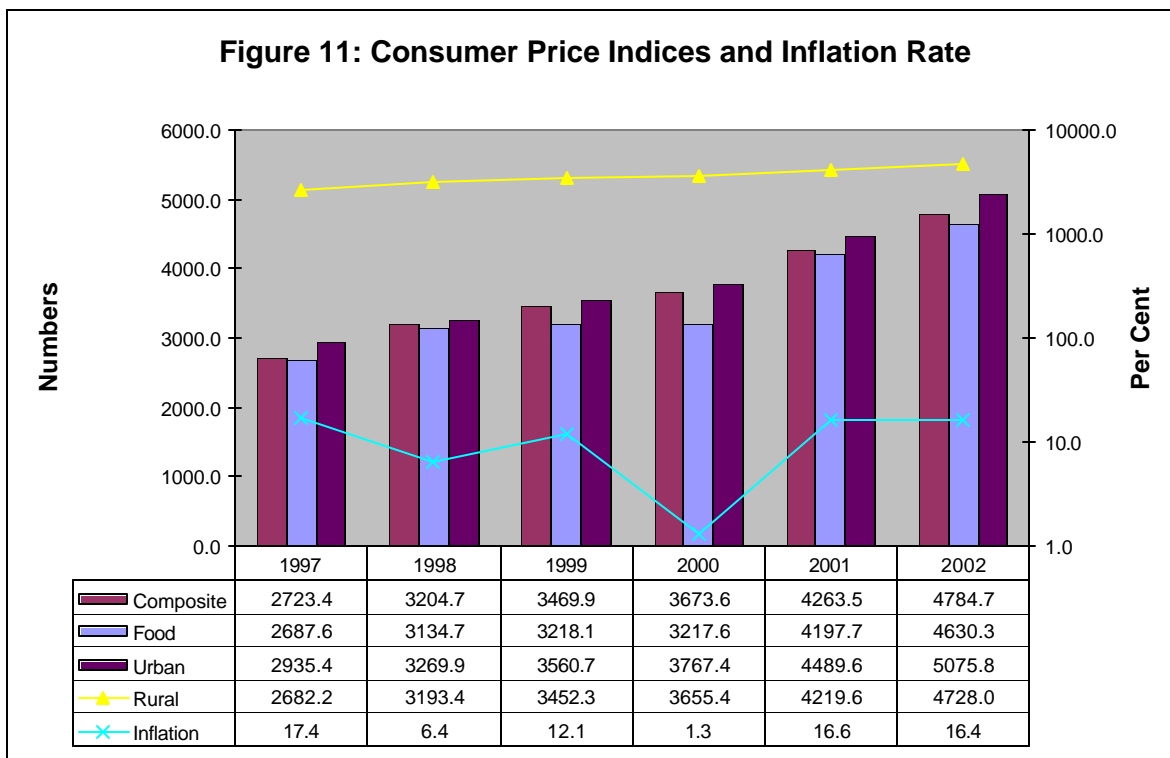
2001, was accounted for by declines of 3.3 and 2.7 per cent in coal and limestone production, respectively, occasioned largely by inadequate funding (working capital), as well as obsolete machinery and equipment. The output of cassiterite, columbite and marble, however, rose by 3.0, 0.7 and 2.9 per cent, respectively.

Electricity consumption improved in the first half of 2002. At 4,432.6 million KWh, the estimated electricity consumption rose by 1.0 per cent over its level in the corresponding first half of 2001. The increase was accounted for by increases of 3.2 and 1.4 per cent in the commercial /street lighting and industrial components. Residential consumption, which accounted for 51.4 per cent of total, however, declined by 0.3 per cent. Commercial/street lighting and industrial components represented 26.7 and 21.9 per cent of total, respectively, in the review period. The improvement was attributable largely to the impact of the

infrastructure nation-wide, as well as the additional electricity generated by the Lagos and Rivers states' independent power plants.

### 5.3.3 Consumer Prices

The inflationary pressures, which began in the second half of 2001, moderated in the first half of 2002. Data from the Federal Office of Statistics (FOS) indicated that the composite consumer price index (CPI) for June was 4,784.7 (1984=100), representing an inflation rate of 16.4 per cent compared with the 16.6 per cent level a year ago (Table 7, Figure 11). The analysis of the components of the CPI showed that the increase was attributed to four components in the basket: food, drinks, accommodation, and transportation expenses, the prices of which rose by 10.3, 20.5, 44.7, and 2.0 per cent, respectively. The upward trend was, however, moderated by decreases in the prices of five other commodities, which



on-going rehabilitation of electricity ranged from 0.7 per cent for other



services to 6.8 per cent for education and cultural services. Although, the inflationary pressures trended downwards, the double-digit figure persisted, owing to both demand and supply factors. On the demand side was the liquidity surfeit in the banking system, arising from the expansionary fiscal stance of the government. On the other hand, the supply factors included the depreciation of the naira exchange rate and high interest rates, as well as infrastructural inadequacies, which resulted in high cost of domestic production.

### 5.3.4 Labour Market

Current labour statistics were not available from the Federal Office of Statistics (FOS). Provisional estimates indicate that the composite unemployment rate for June 2002 was 4.1 per cent, compared with 3.8 per cent for June 2001. The urban unemployment rate was projected at 6.1 per cent, 0.3 percentage point above the 5.9 per cent of June 2001. Similarly, the rural unemployment rate, which was 3.1 per cent in June 2001, was projected to 3.4 per cent during the review period. These estimates should, however, be interpreted with caution, as anecdotal evidence seem to suggest that the unemployment rate could be much higher than the reported estimates. The increasing rate of unemployment has been traced to inability of the private sector to generate employment to its full potential, owing to poor growth performance, arising from frequent power outages and other infrastructural deficiency.

### 5.3.5 Socio-Economic Developments

There were improvements in the delivery of social services during the first half of 2002, particularly in the health and education sub-sectors. In the health sub-

sector, immunization against polio and other child killer diseases was intensified, while a total of ₦457.0 million was given as grants to some of the Federal University Teaching Hospitals and Federal Medical Centres for special projects, including buildings and upgrading of facilities. In addition, the Nigerian Agency for Food and Drug Administration (NAFDAC) intensified its efforts to checkmate the importation and production of fake and sub-standard pharmaceutical products. International agencies and non-governmental agencies (NGOs) also contributed to the improvement in health care delivery in the country. For example, the Canadian International Development Agency (CIDA) donated \$20.0 million to Schools of Health Technology in Bauchi and Cross River States, while Japan gave a grant of \$2.85 million for the procurement of Oral Polio Vaccines (OPV) and cold chain equipments in the efforts to eradicate polio.

In the education sub-sector, efforts were intensified on the rehabilitation of primary and secondary schools under the Universal Basic Education (UBE) scheme. The scheme received a boost during the period, as the World Bank gave a grant of \$100.0 million as a contribution to its implementation in 16 states of the federation. Similarly, the United States Environmental Protection Agency (USEPA) donated equipments worth \$20.0 million to the Department of Environmental Management and Technology of the University of Agriculture, Abeokuta, for monitoring environmental pollution. Further more, the Niger Delta Development Commission (NDDC) supplied science equipment and chemicals worth ₦80.0 million to secondary schools in Ondo State, mainly to schools in the oil producing riverine areas.

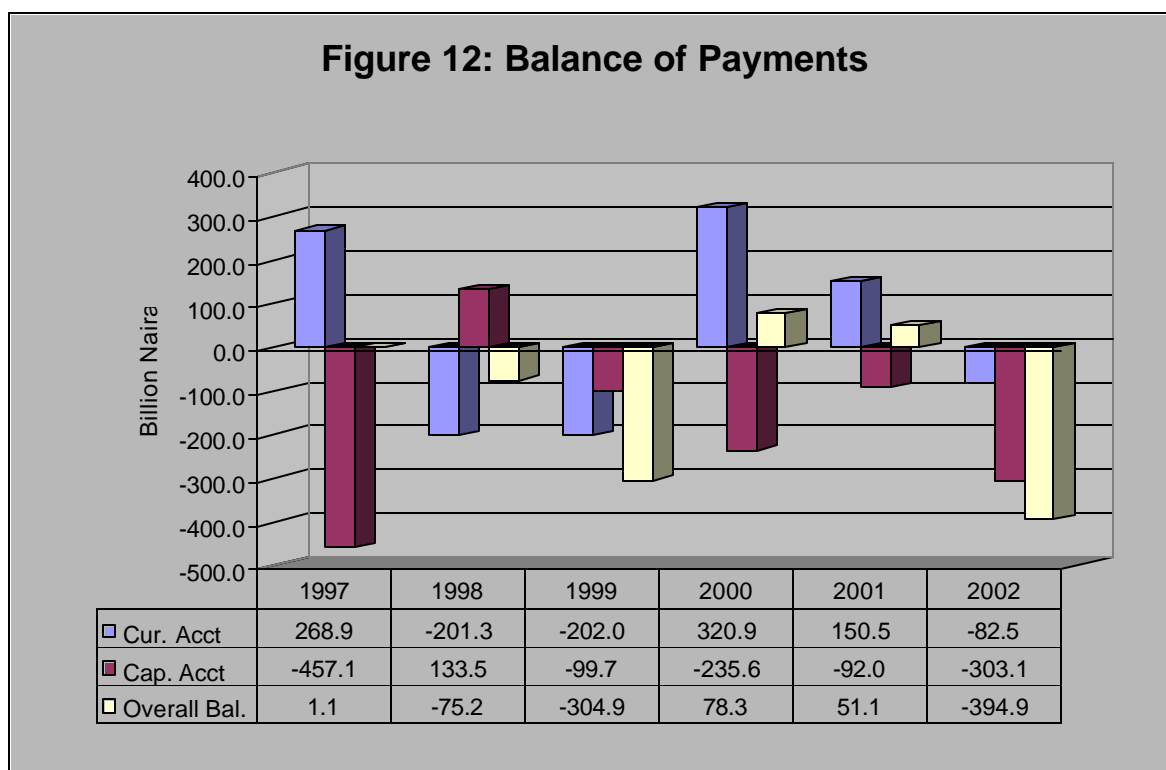
## 5.4 External Sector Developments

### 5.4.1 Balance of Payments

Nigeria's external sector was under severe pressure during the first half of 2002, resulting in a huge overall balance of payments deficit. From a surplus of ₦51.1 billion (US\$0.5 billion) in the first half of 2001, the overall position deteriorated to deficits of ₦22.0 billion (US\$0.2 billion) and ₦394.9 billion

17.0 per cent from end-December 2001 level of US\$10.45 billion to US\$8.67 billion at end June 2002. This contrasts with the increase of 6.6 per cent or US\$0.7 billion at end-June, 2001. The level of external reserves could support 8.2 months of current foreign exchange disbursements as against 8.4 months in the first half of 2001.

In contrast with the trend observed in the two halves of 2001, the current



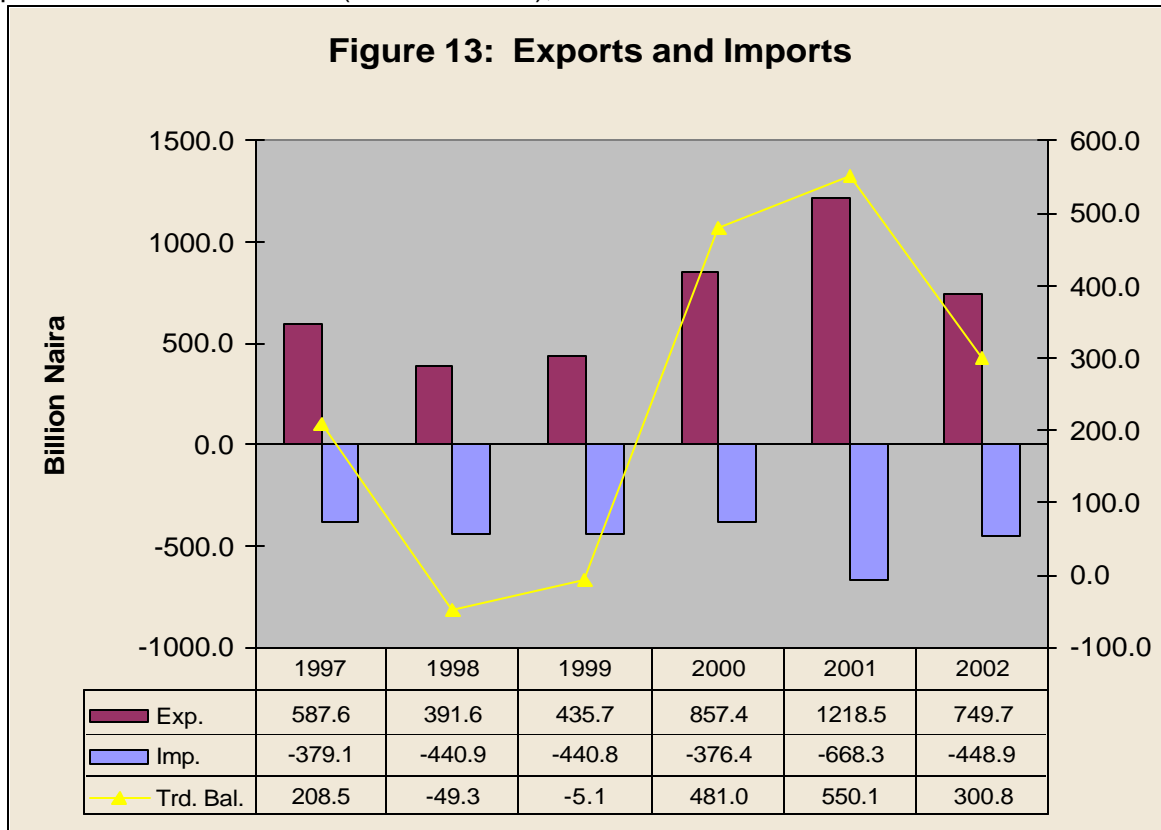
(US\$3.4 billion) in the second half of 2001 and the first half of 2002, respectively. This development was accounted for by the deterioration in both the current, and the capital and financial accounts.

The financing of the overall deficit was through the draw-down in external reserves and a further deferment of a portion of the scheduled debt service totaling ₦189.1 billion (US\$1.64 billion), which fell due during the period. As a result of the draw-down, the nation's stock of external reserves declined by

account recorded a deficit of ₦82.5 billion (US\$0.7 billion), from surpluses of ₦150.5 billion (US\$1.35 billion) and ₦117.6 billion (US\$1.1 billion), respectively. This reflected the sharp decline in merchandise trade (goods) balance, occasioned by the drastic reduction in earnings from crude oil exports, and the drop in the current transfers (net). The combined effect of these two accounts and the huge deficit in the services and income accounts impacted, adversely on the current account position.

Total receipts from exports declined from ₦1,218.5 billion (US\$10.9 billion) in the first half of 2001 to ₦749.7 billion (US\$6.5 billion) in the period of review. The oil sector export fell by 39.2 per cent to ₦734.9 billion (US\$6.4 billion),

and high interest payments on scheduled debt service. At ₦463.8 billion, the deficit in services and income accounts for the reporting period was, however, lower than the ₦516.0 billion (US\$4.6 billion) recorded in the first half of 2001. Also,



while that of the non-oil sector increased from ₦9.3 billion (US\$0.08 billion) in the first half of 2001 to ₦14.8 billion (US\$0.13 billion). Import bills however, shrank from ₦668.3 billion (US\$6.0 billion) in the first half year of 2001 to ₦448.9 billion (US\$3.9 billion), with oil and non-oil components declining by 17.6 and 36.0 per cent, respectively, in the first half of 2002. Similarly, the trade surplus decreased by 45.3 per cent to ₦300.8 billion (US\$2.6 billion), reflecting mainly the dwindling receipts from the export sector.

The combined deficit in the services and income accounts was attributable to huge out-payments in respect of oil sector operations, travels

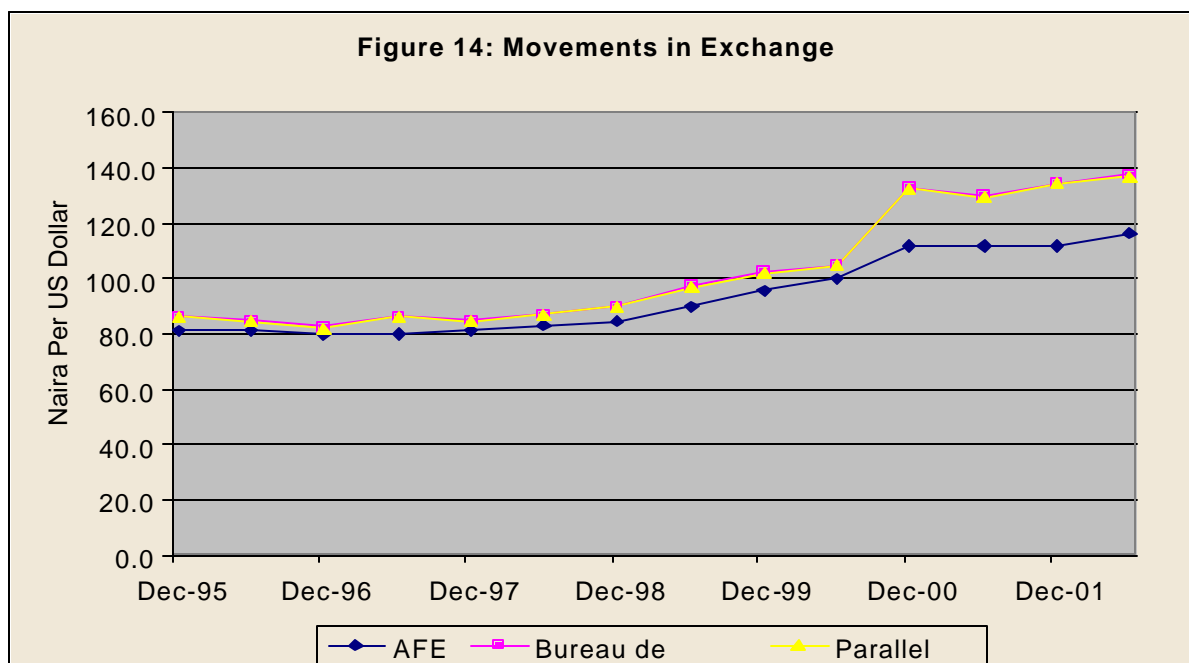
the net surplus in the current transfers account fell from ₦116.4 billion (US\$1.0 billion) in the first half of 2001 to ₦80.5 billion (US\$0.7 billion), reflecting a lower level of home remittances by Nigerians resident abroad.

The capital and financial account weakened relative to its position in the first half of 2001, arising from other sector's short-term liabilities, and scheduled debt due amounting to US\$ 1.03 billion in the first half of 2002. Consequently, deficits recorded in the capital and financial account worsened from ₦92.0 billion (US\$0.8 billion) and ₦138.3 billion (US\$1.2 billion) in the first and second halves of 2001, respectively, to ₦303.1 billion (US\$2.6 billion).

## 5.4.2 External Assets

Nigeria's total external assets was ₦1,347.9 billion (US\$11.2 billion) compared with ₦1,469.5 billion (\$12.9 billion) and ₦1,399.6 billion (US\$12.5 billion) at end-December and end-June 2001, respectively. This represented declines of 8.7 and 3.7 percentage points below the respective levels in the comparable periods of 2001. The decline was attributed to the depreciation of the exchange rate and a drop in Central Bank of Nigeria's (CBN) holdings. CBN holdings fell from ₦1,181.6 billion (US\$10.4 billion) and ₦1,101.6 billion (US\$9.8 billion) at end-December and end-June 2001, respectively, to ₦1,041.9 billion (US\$8.7 billion). Net assets of the banking sector amounted to ₦0.31 billion during the period under review in contrast

the corresponding period of 2001. The CBN purchases from the market remained low at US\$26.11 million, compared with US\$41.5 million in the corresponding period of 2001. The average IFEM exchange rate of the naira was ₦115.97 per US\$1.00, compared with ₦110.50 per US\$1.00 in the first half of 2001, indicating a depreciation of 4.1 per cent. At the bureaux de change and parallel segments of the market, the naira depreciated by 5.53 and 5.32 per cent, to ₦137.29 and ₦136.92, per US\$1.00 respectively from their levels in the corresponding period of 2001. This was attributed to high liquidity surfeit arising from the fiscal operations of government. The spread between the IFEM and parallel market rates widened marginally, from 17.8 per cent in the first half of 2001 to 18.1 per cent in the review period.



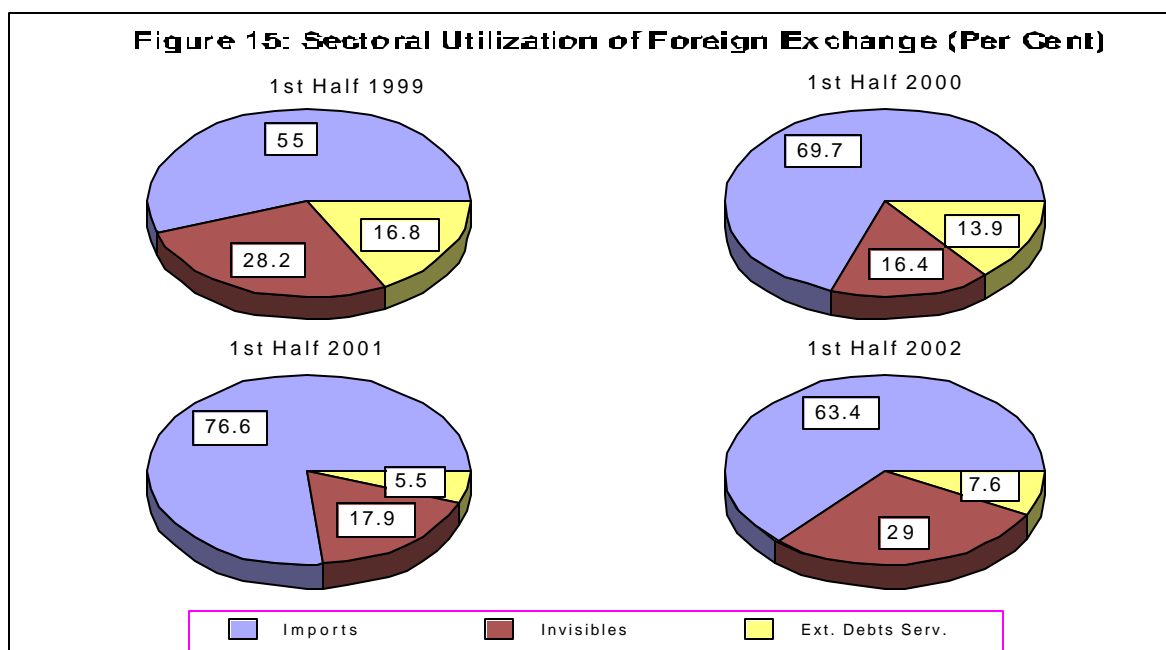
to ₦0.28 and ₦0.29 billion at end-December and the corresponding period of 2001, respectively.

## 5.4.3 Developments in the IFEM

At the IFEM, total foreign exchange sold amounted to US\$4,139.9 million, as against US\$4,760.1 million in

## 5.4.4 Sectoral Utilization of Foreign Exchange

Analysis of sectoral utilization of foreign exchange in the economy during the first half of 2002 revealed that imports, invisibles and debt service payments accounted for 63.4, 29.0 and 7.6 per



cent, respectively, compared with 74.1, 16.1 and 9.8 per cent in the preceding half and 76.6, 17.9 and 5.5 per cent in the corresponding period of 2001. Of the total imports, the shares of private and public sectors were 60.9 and 2.5 per cent, respectively. A further disaggregation of private sector imports revealed that at 32.7 per cent, the industrial sector took the lion share, made up of raw material and machinery, spare parts and CKD at 19.6 and 13.1 per cent, respectively. Finished goods accounted for 23.2 per cent, transport 3.6 per cent and personal effects, 29.0 per cent.

## 5.5 INTERNATIONAL ECONOMIC AND MONETARY DEVELOPMENTS

### 5.5.1 Developments in the World Economy

The growth in world output was estimated at 2.8 per cent in the review period, as against 3.2 per cent recorded during the first half of 2001. This reflected the sluggish recovery in the United States of America (USA) and weak performance of the

European and Asian economies. The global recession continued to impact adversely on African economies, as reflected in the declining commodity prices and low demand of their traditional exports. The rate of inflation in some major economies trended upwards, arising from the high cost of energy.

### 5.5.2 International Monetary Cooperation

The Spring Meetings of the two Bretton Wood institutions - International Monetary Fund (IMF) and the World Bank held in Washington D.C., April, 2002 deliberated on the following issues: support for low-income countries, general review of quotas and special drawing rights (SDR) allocation, IMF conditionality, and anti-money laundering and the financing of terrorism. Also discussed, were poverty reduction strategies, debt management and sustainability, conflict and post conflict countries' issues, HIV/AIDS and other communicable diseases, trade and integration of Africa in the World

economy and the role of the private sector in development. The Meeting recognized efforts by low-income countries to strengthen their development frameworks and foster greater country ownership of poverty reduction programmes. In addition, they were urged to continue to undertake necessary reforms, implement sound policies, strengthen institutions and practice good governance. Developed countries were encouraged to provide more and consistent development assistance, encourage private investments in developing countries and allow greater market access for products from developing countries. Similarly, there was strong support for the New Partnership for Africa's Development (NEPAD), as a means of strengthening growth prospects and reducing poverty in Africa.

The Inter-Governmental Group of 24 on International Monetary Affairs and Development (G-24) met during the spring meetings of the IMF/ World Bank, with the Ministers stressing the need for increased representation of the developing countries in the decision making process of the Bretton Woods institutions. They advocated for the streamlining of conditionality associated with the use of Fund resources.

The 7<sup>th</sup> and 8<sup>th</sup> Meetings of the Convergence Council of Ministers and Central Bank Governors of the West African Monetary Zone (WAMZ) were held in Freetown, Sierra Leone and in Accra, Ghana, respectively during the review period. The Meetings deliberated extensively on the time frame to fully actualise the WAMZ project, which included: the eventual establishment of a West African Central Bank; full pooling of external reserves and liabilities to support the common currency of the WAMZ; and the need for member

countries to take steps to accede to the IMF General Data Dissemination Standard (GDDS) to ensure statistical data and methodology harmonization. Also, the West African Monetary Institute (WAMI) is to conclude two studies on central bank financing of government budget deficit, and exchange rate parity among the member countries' currencies, for discussion at the next meeting.

### **5.5.3 International Currency Markets**

Developments in the international foreign exchange markets were influenced by the combined effects of the slow recovery in the US economy and the second quarter down turn in the US equity market which resulted in declining confidence in corporate earnings, as well as rising inflation in some industrialised countries. Consequently, the US dollar depreciated on the average, against the pound sterling and the Swiss franc by 0.2 and 4.2 per cent, respectively. The dollar initially appreciated against the Yen by 7.3 per cent owing mainly to the instability in the Japanese financial system, but depreciated significantly in the second quarter as the US economy weakened. In Nigeria, the naira on the average, depreciated against the US dollar by 4.1, 4.6 and 4.7 per cent relative to the rates in the corresponding period of 2001, at the inter-bank foreign exchange market (IFEM), bureaux de change and parallel markets, respectively.

### **5.5.4 Developments in the International Commodity Markets**

The meetings of the International Coffee Organisation (ICO), in February and March, 2002 noted that



estimated coffee production fell by 3.0 per cent in 2002 owing largely to low level of stocks, supply and unfavourable weather in some producing countries such as Brazil, Indonesia and Vietnam. However, the average ICO composite price increased by 2.2 per cent from US\$0.5000 per pound in 2001 to US\$0.5109 per pound in April, 2002. Twenty-two exporting countries and eleven importing members were noted to have completed necessary procedures for the ratification of the International Coffee Agreement (ICA) 2001 which entered into force provisionally on the 1<sup>st</sup> October, 2001. Nigeria's voting rights in the ICO remained suspended owing to non-payment of an outstanding debt of £5,580.00 to the Organization.

The International Cocoa Organisation (ICCO) meetings in January, March and June 2002 discussed administrative issues and the entry into force of the 6<sup>th</sup> International Cocoa Agreement 2001. Six members, including Nigeria, deposited their instruments of acceptance and ratification of the 6<sup>th</sup> International Cocoa Agreement (ICCA). A favourable development during the period was the high price of cocoa in both London and New York markets, selling at £1,000.0 and US\$1,350.0 per tonne respectively. This was attributed to the decline in the world stock associated with shortfalls in production by a major producer - Cote d'Ivoire.

The Organization of Petroleum Exporting Countries (OPEC) held two Ministerial Conferences in March and June 2002, during which member countries agreed to sustain output level of 21.7 mbd agreed to in November 2001 until the third quarter of 2002. Consequently, Nigeria's

quota was reduced to 1.787 mbd in January 2002, from 1.911 mbd in September 2001.

### **5.5.5 Bilateral Relations**

Nigeria held bilateral joint commission meetings with China, Botswana, Niger, Namibia and South Africa. The meetings reviewed the implementation of existing bilateral agreements, negotiated and signed new cooperative pacts in the areas of science and technology, culture, education, trade and investment with these countries.

## **6.0 ECONOMIC OUTLOOK FOR THE REST OF FISCAL 2002**

The analysis of economic development during the first half of 2002 indicated that the performance was mixed. Domestic output was driven by marginal growth in agricultural and industrial production, while inflation moderated. The fiscal operations of the Federal Government resulted in a large deficit, which contributed to excess liquidity with its attendant problem for monetary management. Consequently, the growth of key monetary aggregates exceeded the targets set for the period. The unemployment situation remained worrisome with adverse implication on security of lives and property. However, improvements were recorded in the delivery of socio-economic services during the period. The pressure on the foreign exchange market continued with further depreciation of the naira exchange rate and the high rate of depletion of the nation's external reserve.

The fiscal out-turn for the rest of the year would depend on the revenue performance, as well as the early resolution of the stalemate between the executive and the legislature on the

budget in order to determine the actual expenditure profile. Barring any new developments that could increase the export quota of Nigeria's crude oil, revenue from petroleum is not expected to increase beyond the budgeted estimates. Non-oil receipts could however improve, given the impressive performance of VAT in the first half. The total expenditure is expected to rise rapidly as soon as the release of capital vote is executed. However, the continued commitment of the government to accountability and fiscal transparency and due process in project implementation could have a moderating effect on fiscal expansion.

The task of fostering monetary stability may remain an arduous task given the high level of liquidity in the banking system. The situation may be aggravated if the government commences the full implementation of 2002 budget in the second half. The temptation for fiscal quick-fix as a result of political grandstanding could rapidly increase the level of liquidity in the system. This underscores the need for fiscal and monetary restraint in the remaining months of the year.

The growth in domestic output is expected to improve further in the second half of the year owing to improvement in input supply and improved distribution of rainfall nation-wide. Also, the recent policy of encouraging the export of cassava may induce increase in production of the commodity, which is a major staple.

Despite the improved prospects for good agricultural output during the remainder of the year, inflationary pressures may however, resume during the rest of the year, if the current expansionary trends in fiscal and monetary policy out-turns persist. This could be accentuated by imported inflation if further depreciation of the exchange rate persists.

The economic outlook for the rest of 2002 indicate that the performance of the domestic economy would further improve provided there is full commitment to the continued implementation of sound fiscal and monetary policy measures.



| TABLE 1: OPEN MARKET OPERATIONS |                 |                 |                      |               |
|---------------------------------|-----------------|-----------------|----------------------|---------------|
| Year/Month                      | Total Bids      | Amount Sold     | Average Tenor (Days) | Average Yield |
| <b>1997</b>                     |                 |                 |                      |               |
| January                         | 6 684 9         | 3 518 4         | 25                   | 5.0           |
| February                        | 2 015           | 1 615           | 10                   | 3.0           |
| March                           | 1 002 8         | 7 32 8          | 37                   | 8.0           |
| April                           | 2 448 3         | 2 093 3         | 43                   | 9.9           |
| May                             | 1 276 5         | 1 221 5         | 36                   | 11.2          |
| June                            | 4 580           | 4 520           | 42                   | 12.0          |
| <b>TOTAL</b>                    | <b>12 072 0</b> | <b>8 179 5</b>  |                      |               |
| <b>1997</b>                     |                 |                 |                      |               |
| July                            | 8 332           | 8 182           | 42                   | 12.0          |
| August                          | 7 208           | 6 229           | 48                   | 12.0          |
| September                       | 1 200           | 1 200           | 49                   | 12.0          |
| October                         | 4 675           | 4 675           | 49                   | 12.0          |
| November                        | 1 736           | 1 736           | 49                   | 12.0          |
| December                        | 7 966           | 7 716           | 21                   | 11.7          |
| <b>TOTAL</b>                    | <b>31 117</b>   | <b>29 738</b>   |                      |               |
| <b>1998</b>                     |                 |                 |                      |               |
| January                         | 4 822           | 4 822           | 22                   | 11.8          |
| February                        | 1 985           | 1 985           | 21                   | 11.9          |
| March                           | 5 339           | 5 079           | 32                   | 11.9          |
| April                           | 7 244           | 7 244           | 28                   | 11.9          |
| May                             | 6 330           | 6 230           | 32                   | 11.9          |
| June                            | 1 987           | 1 987           | 32                   | 11.9          |
| <b>TOTAL</b>                    | <b>27 707</b>   | <b>27 347</b>   |                      |               |
| <b>1998</b>                     |                 |                 |                      |               |
| July                            | 9 937           | 9 437           | 31                   | 11.9          |
| August                          | 5 612           | 5 612           | 33                   | 11.9          |
| September                       | 2 058           | 2 058           | 28                   | 11.9          |
| October                         | 2 851           | 1 966           | 42                   | 12.4          |
| November                        | 5 199           | 4 279           | 28                   | 12.6          |
| December                        | 6 474           | 5 944           | 28                   | 12.7          |
| <b>TOTAL</b>                    | <b>32 131</b>   | <b>29 296</b>   |                      |               |
| <b>1999</b>                     |                 |                 |                      |               |
| January                         | 4 748           | 4 322           | 35                   | 12.9          |
| February                        | 4 207           | 4 207           | 30                   | 13.7          |
| March                           | 1 005 1         | 9 79 1          | 30                   | 16.3          |
| April                           | 3 913 4         | 3 793 9         | 36                   | 18.9          |
| May                             | 1 813           | 1 813           | 32                   | 18.9          |
| June                            | 4 408 9         | 3 738 9         | 40                   | 18.9          |
| <b>TOTAL</b>                    | <b>10 404 2</b> | <b>9 546 1</b>  |                      |               |
| <b>1999</b>                     |                 |                 |                      |               |
| July                            | 8 939           | 8 939           | 36                   | 19.0          |
| August                          | 4 266           | 4 266           | 35                   | 18.9          |
| September                       | 7 474           | 7 147           | 42                   | 19.0          |
| October                         | 14 796          | 14 796          | 36                   | 18.9          |
| November                        | 10 357          | 10 357          | 42                   | 18.5          |
| December                        | 3 190 1         | 2 660 2         | 36                   | 16.8          |
| <b>TOTAL</b>                    | <b>77 733</b>   | <b>72 107</b>   |                      |               |
| <b>2000</b>                     |                 |                 |                      |               |
| January                         | 2 238 1         | 1 233 1         | 37                   | 16.7          |
| February                        | 5 257 7         | 4 657 7         | 53                   | 16.8          |
| March                           | 2 784 0         | 2 784 0         | 38                   | 16.8          |
| April                           | 7 086 1         | 4 369 9         | 40                   | 14.9          |
| May                             | 2 416 9         | 1 801 9         | 46                   | 15.6          |
| June                            | 1 065 85        | 1 695 5         | 32                   | 13.0          |
| <b>TOTAL</b>                    | <b>30 441 3</b> | <b>16 542 1</b> |                      |               |
| <b>2000</b>                     |                 |                 |                      |               |
| July                            | 1 182 0         | 1 072 0         | 49                   | 15.9          |
| August                          | 3 095 5         | 2 907 0         | 46                   | 15.2          |
| September                       | 1 987 2         | 1 887 2         | 39                   | 14.9          |
| October                         | 5 230 3         | 4 215 3         | 39                   | 14.8          |
| November                        | 3 230 6         | 1 168 6         | 37                   | 14.4          |
| December                        | 3 092 8         | 4 017 8         | 32                   | 12.8          |
| <b>TOTAL</b>                    | <b>17 818 4</b> | <b>15 267 9</b> |                      |               |
| <b>2001</b>                     |                 |                 |                      |               |
| January                         | 1 961 1         | 1 841 1         | 32                   | 12.8          |
| February                        | 4 852           | 4 852           | 30                   | 14.0          |
| March                           | 3 422 3         | 3 372 3         | 31                   | 14.9          |
| April                           | 2 940 9         | 2 580 9         | 36                   | 16.3          |
| May                             | 6 457           | 6 350           | 28                   | 16.5          |
| June                            | 4 225 1         | 3 940 0         | 39                   | 16.5          |
| <b>TOTAL</b>                    | <b>13 680 3</b> | <b>12 854 5</b> |                      |               |
| <b>2001</b>                     |                 |                 |                      |               |
| July                            | 8 568           | 7 518           | 30                   | 17.8          |
| August                          | 4 626 7         | 4 226 7         | 32                   | 17.8          |
| September                       | 5 572 3         | 5 442 3         | 32                   | 18.2          |
| October                         | 6 782 7         | 6 607 7         | 49                   | 20.0          |
| November                        | 4 405 7         | 4 405 7         | 38                   | 19.5          |
| December                        | 4 405 7         | 4 405 7         | 19                   | 19.8          |
| <b>TOTAL</b>                    | <b>26 649 9</b> | <b>25 839 9</b> |                      |               |
| <b>2002</b>                     |                 |                 |                      |               |
| January                         | 2 606 6.3       | 2 496 6.3       | 33.3                 | 21.3          |
| February                        | 6 457 4.7       | 6 257 4.7       | 22.5                 | 43.0          |
| March                           | 5 080 2         | 4 930 2         | 57.8                 | 23.1          |
| April                           | 3 719 7         | 3 634 7         | 51                   | 22.9          |
| May                             | 8 212 9.5       | 7 662 9.5       | 47.8                 | 22.2          |
| June                            | 4 432 0         | 4 156 0         | 42                   |               |
| <b>TOTAL</b>                    | <b>30 509 0</b> | <b>29 138 0</b> |                      |               |

| TABLE 2  |          |          |          |          |          |          |          |          |          |           |           |           |           |           |              |          |          |          |          |          |          |          |          |          |          |          |  |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|-----------|-----------|-----------|-----------|--------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|--|
| ISSUES AND SUBSCRIPTION OF TREASURY BILLS AND CERTIFICATES |          |          |          |          |          |          |          |          |          |           |           |           |           |           |              |          |          |          |          |          |          |          |          |          |          |          |  |
| MONTHLY AVERAGES   |          |          |          |          |          |          |          |          |          |           |           |           |           |           |              |          |          |          |          |          |          |          |          |          |          |          |  |
| (=- million)   |          |          |          |          |          |          |          |          |          |           |           |           |           |           |              |          |          |          |          |          |          |          |          |          |          |          |  |
|  | 1996     |          | 1996     |          | 1997     |          | 1997     |          | 1998     |           | 1998      |           | 1999      |           | 1999         |          | 2000     |          | 2000     |          | 2001 1/  |          | 2001 2/  |          | 2002 2/  |          |  |
|  | 1st Half | 2nd Half | 1st Half | 2nd Half | 1st Half | 2nd Half | 1st Half | 2nd Half | 1st Half | 2nd Half  | 1st Half  | 2nd Half  | 1st Half  | 2nd Half  | 1st Half     | 2nd Half | 1st Half | 2nd Half | 1st Half | 2nd Half | 1st Half | 2nd Half | 1st Half | 2nd Half | 1st Half | 2nd Half |  |
| Treasury Bills (Issues)                                    | 34,442.2 | 35,775.5 | 73,547.6 | 73,271.9 |          |          | 73,933.2 | 68,334.3 | 94,593.3 | 125,752.8 | 120,586.1 | 150,936.2 | 155,897.0 | 174,011.9 | 11,690,716.0 |          |          |          |          |          |          |          |          |          |          |          |  |
| Subscriber:  |          |          |          |          |          |          |          |          |          |           |           |           |           |           |              |          |          |          |          |          |          |          |          |          |          |          |  |
| Central Bank   | 27,442.3 | 15,822.2 | 46,666.7 | 51,531.0 |          |          | 49,954.5 | 46,593.4 | 61,245.2 | 57,839.0  | 35,916.4  | 25,916.4  | 73,816.8  | 102,800.2 | 525741.1     |          |          |          |          |          |          |          |          |          |          |          |  |
| Commercial Bank  | 2,494.1  | 7,113.7  | 16,056.0 | 10,678.7 |          |          | 8,364.2  | 10,678.7 | 14,160.9 | 41,138.7  | 52,307.9  | 88,082.1  | 60,005.1  | 50,024.2  | 423474.6     |          |          |          |          |          |          |          |          |          |          |          |  |
| Merchant Bank  | 115.4    | 154.9    | 212.1    | 247.9    |          |          | 1,507.1  | 247.9    | 321.8    | 2,375.1   | 1,216.0   | 3,173.9   | -         | -         | -            |          |          |          |          |          |          |          |          |          |          |          |  |
| Non-Bank Public  | 4,390.4  | 12,684.7 | 10,612.8 | 10,814.3 |          |          | 14,107.5 | 10,814.3 | 18,865.4 | 24,400.2  | 31,145.9  | 33,763.7  | 22,075.1  | 21,187.5  | 219855.9     |          |          |          |          |          |          |          |          |          |          |          |  |
| Treasury Certificates (Issues)                             | 0.0      | 0.0      | 0.0      | 0.0      |          |          | 0.0      | 0.0      | 0.0      | 0.0       | 0.0       | 0.0       | 0.0       | 0.0       | 0.0          |          |          |          |          |          |          |          |          |          |          |          |  |
| Subscriber:  |          |          |          |          |          |          |          |          |          |           |           |           |           |           |              |          |          |          |          |          |          |          |          |          |          |          |  |
| Central Bank   | 0.0      | 0.0      | 0.0      | 0.0      |          |          | 0.0      | 0.0      | 0.0      | 0.0       | 0.0       | 0.0       | 0.0       | 0.0       | 0.0          |          |          |          |          |          |          |          |          |          |          |          |  |
| Commercial Bank  | 0.0      | 0.0      | 0.0      | 0.0      |          |          | 0.0      | 0.0      | 0.0      | 0.0       | 0.0       | 0.0       | 0.0       | 0.0       | 0.0          |          |          |          |          |          |          |          |          |          |          |          |  |
| Merchant Bank  | 0.0      | 0.0      | 0.0      | 0.0      |          |          | 0.0      | 0.0      | 0.0      | 0.0       | 0.0       | 0.0       | 0.0       | 0.0       | 0.0          |          |          |          |          |          |          |          |          |          |          |          |  |
| Non-Bank Public  | 0.0      | 0.0      | 0.0      | 0.0      |          |          | 0.0      | 0.0      | 0.0      | 0.0       | 0.0       | 0.0       | 0.0       | 0.0       | 0.0          |          |          |          |          |          |          |          |          |          |          |          |  |

1/ Data represent banks' subscription in line with universal banking which commenced in January 2001.

2/ Provisional

| TABLE 3   |                 |                 |                 |                 |                 |                 |                 |                 |                  |                  |                  |                  |  |  |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|------------------|------------------|--|--|
| MONETARY AND CREDIT DEVELOPMENTS                                |                 |                 |                 |                 |                 |                 |                 |                 |                  |                  |                  |                  |  |  |
|   | DEC 1996        | JUNE1997        | DEC 1997 1/     | JUNE1998        | DEC 1998        | JUNE1999        | DEC 1999        | JUNE 2000       | DEC 2000         | JUNE2001         | DEC 2001         | JUNE 2002        |  |  |
| <b>1.Domestic Credit (net)</b>                                  | <b>340800.5</b> | <b>367730.8</b> | <b>331169.0</b> | <b>406622.3</b> | <b>486288.5</b> | <b>570168.1</b> | <b>632010.1</b> | <b>495913.9</b> | <b>472011.7</b>  | <b>643180.0</b>  | <b>829790.9</b>  | <b>1065957.0</b> |  |  |
| (a) Claims on Federal Government (net)                          | 117560.0        | 88308.3         | 54679.5         | 82925.2         | 133929.0        | 142759.8        | 176804.9        | -26413.9        | -123989.8        | -129168.8        | -25208.5         | 126572.8         |  |  |
| By Central Bank   | 67189.3         | 50518.4         | 19634.9         | 49869.1         | 88568.2         | 27447.3         | 15325.1         | -194888.6       | -343003.2        | -300000.0        | -178982.3        | -93162.7         |  |  |
| By Commercial Banks   | 41548.8         | 30584.1         | 29346.7         | 24569.9         | 36481.1         | 94893.5         | 148154.5        | 157452.0        | 219013.4         | 170831.2         | 153773.8         | 219735.5         |  |  |
| By Merchant Banks   | 8821.9          | 7205.8          | 5697.9          | 8486.2          | 8879.7          | 20419.0         | 13325.3         | 11022.7         |                  |                  |                  |                  |  |  |
| (b) Claims on Private Sector                                    | 223240.5        | 279422.5        | 276489.5        | 323697.1        | 352359.5        | 427408.3        | 455205.2        | 522327.8        | 596001.5         | 772348.8         | 854999.4         | 939384.2         |  |  |
| By Central Bank   | 7165.3          | 6459.2          | 9224.9          | 6428.5          | 19636.3         | 7690.9          | 6150.9          | 11202.1         | 8001.6           | 9343.8           | 10513.2          | 9218.1           |  |  |
| By Commercial Banks   | 174935.7        | 222652.2        | 223804.9        | 261393.6        | 272548.4        | 348047.2        | 392603.0        | 439608.3        | 587999.9         | 763005.0         | 844486.2         | 930166.1         |  |  |
| By Merchant Banks   | 41139.5         | 50311.1         | 43459.7         | 55875.0         | 60174.8         | 71670.2         | 56451.3         | 71517.4         |                  |                  |                  |                  |  |  |
| (i) Claims on State and Local Governments                       | 3530.2          | 5011.3          | 1481.9          | 1219.6          | 941.3           | 1437.3          | 2101.8          | 6150.1          | 7564.3           | 29956.5          | 26796.4          | 12244.7          |  |  |
| By Central Bank   | 2.4             | 0.0             | 6.5             | 6.5             | 6.5             | 6.4             | 6.5             | 6.4             | 6.5              | 6.5              | 0.0              | 0.0              |  |  |
| By Commercial Banks   | 3293.3          | 4781.7          | 1419.8          | 1212.8          | 827.7           | 1421.2          | 2095.0          | 6143.4          | 7557.8           | 29500.0          | 26796.4          | 12244.7          |  |  |
| By Merchant Banks   | 234.5           | 229.6           | 56.6            | 0.3             | 107.1           | 9.7             | 0.3             | 0.3             |                  |                  |                  |                  |  |  |
| (ii) Claims on Non-Financial Public Enterprises                 | 2929.4          | 1719.7          | 2525.6          | 1384.9          | 13933.6         | 733.9           | 692.3           | 4544.9          | 951.0            | 879.5            | 1080.1           | 1796.3           |  |  |
| By Central Bank   | 2929.4          | 1719.7          | 2525.6          | 1384.9          | 13933.6         | 733.9           | 692.3           | 4544.9          | 951.0            | 879.5            | 1080.1           | 1796.3           |  |  |
| By Commercial Banks   | -               | -               | -               | -               | -               | -               | -               | -               | -                | -                | -                | -                |  |  |
| By Merchant Banks   | -               | -               | -               | -               | -               | -               | -               | -               | -                | -                | -                | -                |  |  |
| (iii) Claims on Other Private Sector                            | 216780.9        | 272691.5        | 272482.0        | 321092.6        | 337484.6        | 425237.1        | 452411.1        | 511632.8        | 587486.2         | 741512.8         | 827122.9         | 925343.2         |  |  |
| By Central Bank   | 4233.5          | 4739.5          | 6692.8          | 5037.1          | 5696.2          | 5037.1          | 6950.8          | 5452.1          | 6550.8           | 7044.1           | 8457.8           | 9433.1           |  |  |
| By Commercial Banks   | 171642.4        | 218700.5        | 222385.1        | 260180.8        | 271720.7        | 346626.0        | 390508.0        | 433464.9        | 580442.1         | 733055.0         | 817689.8         | 917921.4         |  |  |
| By Merchant Banks   | 40905.0         | 50081.5         | 43404.1         | 55874.7         | 60667.7         | 71660.5         | 56451.0         | 71517.1         |                  |                  |                  |                  |  |  |
| (2) Foreign Assets (net)  | 148982.9        | 212447.3        | 221925.2        | 250008.6        | 247043.4        | 608426.9        | 666271.2        | 888657.3        | 1275016.9        | 1399643.2        | 1432931.4        | 1361777.1        |  |  |
| By Central Bank   | 88772.0         | 131196.9        | 155344.2        | 166722.4        | 157400.1        | 438863.8        | 509991.5        | 717704.5        | 1067128.3        | 1105644.2        | 1145088.3        | 1062779.7        |  |  |
| By Commercial Banks   | 47261.5         | 64475.6         | 52482.5         | 65199.7         | 73073.6         | 133975.5        | 130002.4        | 147592.7        | 207888.6         | 289999.0         | 287843.1         | 298997.4         |  |  |
| By Merchant Banks   | 12949.4         | 16774.8         | 14098.5         | 18066.5         | 16569.7         | 35587.6         | 26277.3         | 23360.1         |                  |                  |                  |                  |  |  |
| (3) Other Assets (net)  | -121021.1       | -159993.1       | -121897.4       | -160833.6       | -201818.5       | -543657.6       | -598546.8       | -480417.2       | -710949.1        | -716331.2        | -946853.1        | -925679.2        |  |  |
| <b>Total Monetary Assets</b>                                    | <b>368762.3</b> | <b>420185.0</b> | <b>431196.8</b> | <b>495797.3</b> | <b>531513.4</b> | <b>634937.4</b> | <b>699734.5</b> | <b>904154.0</b> | <b>1036079.5</b> | <b>1326492.0</b> | <b>1315869.2</b> | <b>1502054.9</b> |  |  |
| Quasi-Money 1/  | 134756.1        | 159375.1        | 154633.2        | 192396.6        | 198337.4        | 269993.6        | 306654.9        | 399043.8        | 398348.4         | 522442.0         | 499161.5         | 629960.8         |  |  |
| Money Supply  | 234006.2        | 260809.9        | 276563.6        | 303400.7        | 333176.0        | 364943.8        | 393079.6        | 505110.2        | 637731.1         | 804050.0         | 816707.7         | 872094.1         |  |  |
| Currency Outside Banks  | 108975.1        | 107955.0        | 123644.9        | 124833.1        | 156717.4        | 146958.4        | 186456.8        | 179729.9        | 274010.5         | 286956.0         | 338671.2         | 290092.2         |  |  |
| Demand Deposits 2/  | 125031.1        | 152854.9        | 152918.7        | 178567.6        | 176458.6        | 217985.4        | 206622.8        | 325360.3        | 363720.6         | 517094.0         | 478036.5         | 582001.9         |  |  |
| <b>Total Monetary Liabilities</b>                               | <b>368762.3</b> | <b>420185.0</b> | <b>431196.8</b> | <b>495797.3</b> | <b>531513.4</b> | <b>634937.4</b> | <b>699734.5</b> | <b>904154.0</b> | <b>1036079.5</b> | <b>1326492.0</b> | <b>1315869.2</b> | <b>1502054.9</b> |  |  |
| <b>GROWTH RATE OVER THE PRECEDING DECEMBER (In Percentages)</b> |                 |                 |                 |                 |                 |                 |                 |                 |                  |                  |                  |                  |  |  |
| Credit to the Domestic Economy (net)                            |                 | 7.9             | -2.8            | 22.8            | 46.8            | 17.2            | 55.7            | -21.5           | -25.3            | 36.3             | 75.8             | 28.5             |  |  |
| Credit to the Private Sector                                    |                 | 25.2            | 23.9            | 17.1            | 27.4            | 21.3            | 27.3            | 14.7            | 30.9             | 29.6             | 43.5             | 9.9              |  |  |
| Claims on Federal Government (net)                              |                 | -24.9           | -53.5           | 51.7            | 144.9           | 6.6             | 199.3           | -114.9          | -170.1           | 4.2              | 79.7             | 602.1            |  |  |
| By Central Bank   |                 | -24.8           | -70.8           | 154.0           | 351.1           | -69.0           | 502.5           | -1371.7         | -2338.2          | -12.5            | 47.8             | 47.9             |  |  |
| Claims on State and Local Governments                           |                 | 42.0            | -58.0           | -17.7           | -36.5           | 52.7            | -35.9           | 192.6           | 259.9            | 296.0            | 254.2            | -54.3            |  |  |
| Claims on Non-Financial Public Enterprises                      |                 | -41.3           | -13.8           | -45.2           | 451.7           | -94.7           | 473.4           | 556.5           | 37.4             | -7.5             | 13.6             | 66.3             |  |  |
| Claims on Other Private Sector                                  |                 | 25.8            | 25.7            | 17.8            | 23.9            | 26.0            | 23.5            | 13.1            | 29.9             | 26.2             | 40.8             | 11.9             |  |  |
| Foreign Assets (net)  |                 | 42.6            | 49.0            | 12.7            | 11.3            | 146.3           | -5.8            | 33.4            | 91.4             | 9.8              | 12.4             | -5.0             |  |  |
| Quasi-Money   |                 | 18.3            | 14.8            | 24.4            | 28.3            | 36.1            | 28.3            | 30.1            | 29.9             | 31.2             | 25.3             | 26.2             |  |  |
| Money Supply (M1)   |                 | 11.5            | 18.2            | 9.7             | 20.5            | 9.5             | 17.2            | 28.5            | 62.2             | 26.1             | 28.1             | 6.8              |  |  |
| Broad Money (M2)  |                 | 13.9            | 16.9            | 15.0            | 23.3            | 19.5            | 21.2            | 29.2            | 48.1             | 28.0             | 27.0             | 14.1             |  |  |
| Other Assets (net)  |                 | -32.2           | -0.7            | -31.9           | -65.6           | -169.4          | -65.9           | -19.7           | -18.8            | 0.8              | -33.2            | 2.2              |  |  |

**NOTES :**

1/ Quasi-Money consists of Time, Savings and Foreign Currency Deposits of Commercial and Merchant Banks excluding Takings from Discount Houses.

2/ Demand Deposits consist of state, local and parastatal deposits at the CBN; state local and private sector deposits as well as demand deposits of non-financial public enterprises at Commercial and Merchant banks.

| TABLE 4                                   |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| VALUE OF MONEY MARKET INSTRUMENTS         |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Instrument                                | Dec 1995         | JUNE 1996        | Dec 1996         | JUNE 1997        | Dec 1997         | JUNE 1998        | Dec 1998         | JUNE 1999        | Dec 1999         | JUNE 2000        | Dec 2000         | JUNE 2001        | Dec 2001         | JUNE 2002        |
| Treasury Bills                            | 103,326.5        | 103,326.5        | 103,326.5        | 211,958.0        | 221,801.5        | 221,801.5        | 221,801.5        | 361,758.4        | 361,758.4        | 361,758.4        | 465,535.8        | 465,535.8        | 578,535.8        | 584,535.8        |
| Treasury Certificates                     | 23,596.3         | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              |
| Eligible Development Stocks               | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 650.2            | 790.3            | 1,187.8          | 952.8            | 1,676.2          | 2,406.3          | 2,334.5          | 3,624.0          | 2,265.9          |
| Certificates of Deposits                  | 48.0             | 411.9            | 104.9            | 8.5              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              |
| Commercial Papers                         | 10,034.9         | 11,242.8         | 8,023.7          | 10,600.2         | 13,388.7         | 7,810.3          | 7,585.4          | 20,452.4         | 20,476.4         | 22,761.9         | 19,002.5         | 29,881.0         | 35,377.2         | 34,127.7         |
| Bankers' Acceptances                      | 8,102.4          | 5,204.9          | 12,199.9         | 20,892.7         | 11,718.8         | 12,053.6         | 17,473.9         | 12,222.0         | 11,971.8         | 19,302.5         | 31,774.9         | 28,242.0         | 36,501.2         | 36,047.1         |
| <b>Total</b>                              | <b>145,108.1</b> | <b>120,186.1</b> | <b>123,655.0</b> | <b>243,459.4</b> | <b>246,909.0</b> | <b>242,315.6</b> | <b>247,651.1</b> | <b>395,620.6</b> | <b>395,159.4</b> | <b>405,499.0</b> | <b>518,719.5</b> | <b>525,993.3</b> | <b>654,038.2</b> | <b>656,976.5</b> |
| Percentage Change Over Preceding December |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Treasury Bills                            |                  | 0.0              | 0.0              | 105.1            | 114.7            | 0.0              | 0.0              | 63.1             | 63.1             | 0.0              | 28.7             | 0.0              | 24.3             | 1.0              |
| Treasury Certificates                     |                  | -100.0           | -100.0           | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              |
| Eligible Development Stocks               |                  | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 75.9             | 152.6            | (3.0)            | 50.6             | (37.5)           |
| Certificates of Deposits                  |                  | 758.1            | 118.5            | -91.9            | -100.0           | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              |
| Commercial Papers                         |                  | 12.0             | -20.0            | 32.1             | 66.9             | -41.7            | -43.3            | 169.6            | 169.9            | 11.2             | (7.2)            | 57.2             | 86.2             | (3.5)            |
| Bankers' Acceptances                      |                  | -35.8            | 50.6             | 71.3             | -3.9             | 2.9              | 49.1             | -30.1            | -31.5            | 61.2             | 165.4            | (11.1)           | 14.9             | (1.2)            |
| <b>Total</b>                              |                  | <b>-17.2</b>     | <b>-14.8</b>     | <b>96.9</b>      | <b>99.7</b>      | <b>-1.9</b>      | <b>0.3</b>       | <b>59.7</b>      | <b>59.6</b>      | <b>2.6</b>       | <b>31.3</b>      | <b>1.4</b>       | <b>26.1</b>      | <b>0.4</b>       |

| TABLE 5  |           |           |           |           |          |           |          |           |          |           |          |           |          |           |          |             |          |          |
|--|-----------|-----------|-----------|-----------|----------|-----------|----------|-----------|----------|-----------|----------|-----------|----------|-----------|----------|-------------|----------|----------|
| SELECTED INTEREST RATES  |           |           |           |           |          |           |          |           |          |           |          |           |          |           |          |             |          |          |
| (Per cent at End of Period)  |           |           |           |           |          |           |          |           |          |           |          |           |          |           |          |             |          |          |
|  | 1992 June | 1993 June | 1994 June | 1995 June | 1995 Dec | 1996 June | 1996 Dec | 1997 June | 1997 Dec | 1998 June | 1998 Dec | 1999 June | 1999 Dec | 2000 June | 2000 Dec | 2001 Jun 2/ | 2001 Dec | 2002 Jun |
| Minimum Rediscount Rate  | 17.50     | 26.00     | 13.50     | 13.50     | 13.50    | 13.50     | 13.50    | 13.50     | 13.50    | 13.50     | 13.50    | 20.00     | 18.00    | 17.00     | 14.00    | 18.50       | 20.50    | 20.50    |
| Treasury Bills Issue Rate  | 17.31     | 25.00     | 12.50     | 12.50     | 12.50    | 12.50     | 12.00    | 12.00     | 12.00    | 12.00     | 13.00    | 19.00     | 17.00    | 16.00     | 13.00    | 17.50       | 22.50    | 20.47    |
| Commercial Banks 1/  |           |           |           |           |          |           |          |           |          |           |          |           |          |           |          |             |          |          |
| Savings Deposit Rate   | 15.50     | 16.90     | 12.20     | 12.40     | 12.60    | 12.50     | 10.10    | 4.80      | 5.10     | 5.30      | 5.20     | 6.20      | 5.30     | 5.10      | 4.9      | 5.2         | 5.0      | 3.7      |
| Time Deposit Rate (3 months)   | 17.70     | 24.80     | 13.20     | 13.10     | 13.60    | 13.40     | 12.30    | 7.00      | 9.40     | 10.50     | 10.40    | 13.80     | 12.70    | 12.20     | 10.5     | 16.5        | 17.9     | 17.0     |
| Prime Lending Rate   | 24.10     | 29.00     | 20.20     | 20.30     | 20.20    | 20.00     | 19.10    | 17.50     | 18.40    | 18.00     | 18.30    | 20.90     | 21.30    | 20.80     | 20.6     | 23.5        | 26.0     | 25.3     |
| Maximum Lending Rate   | 25.90     | 30.80     | 21.00     | 20.80     | 20.80    | 20.80     | 20.80    | 20.00     | 20.90    | 21.10     | 21.80    | 23.40     | 27.20    | 27.10     | 25.2     | 28.4        | 31.2     | 30.6     |
| Merchant Banks 1/  |           |           |           |           |          |           |          |           |          |           |          |           |          |           |          |             |          |          |
| Time Deposit Rate (3 months)   | 27.20     | 40.10     | 14.20     | 14.40     | 14.30    | 14.50     | 13.40    | 11.50     | 11.30    | 14.10     | 15.40    | 16.80     | 17.60    | 14.10     | 15.0     | -           | -        | -        |
| Prime Lending Rate   | 35.00     | 55.20     | 20.80     | 20.80     | 20.70    | 20.80     | 20.10    | 18.30     | 19.30    | 21.00     | 22.20    | 25.90     | 25.80    | 21.00     | 20.6     | -           | -        | -        |
| Maximum Lending Rate   | 35.00     | 61.70     | 21.00     | 21.00     | 20.80    | 21.00     | 20.70    | 20.60     | 20.90    | 23.70     | 24.90    | 30.00     | 30.00    | 25.40     | 25.2     | -           | -        | -        |
| Inter-bank Rate (End-Period)   | 30.00     | 92.00     | 20.90     | 20.00     | 21.00    | 13.20     | 11.70    | 6.60      | 19.90    | 21.30     | 17.30    | 31.80     | 18.70    | 4.50      | 16.68    | 26.29       | 24.60    | 25.07    |
| 1/ Weighted Averages   |           |           |           |           |          |           |          |           |          |           |          |           |          |           |          |             |          |          |
| 2/ With the introduction of universal banking in January 2001, data for 2001 represent industry averages for each tenor. |           |           |           |           |          |           |          |           |          |           |          |           |          |           |          |             |          |          |

| TABLE 6                                      |                  |                  |                  |                                   |                     |                     |
|--|------------------|------------------|------------------|-----------------------------------|---------------------|---------------------|
| FEDERATION ACCOUNT OPERATIONS<br>(N MILLION) |                  |                  |                  |                                   |                     |                     |
|  | 1998             | 1999             | 2000             | Proportionate<br>Budget Estimates |                     |                     |
|  | 1st Half         | 1st Half         | 1st Half         | 2001 1/<br>1st Half               | 2002 2/<br>1st Half | 2002 2/<br>1st Half |
| <b>Federally Collectable Revenue (Gross)</b> | <b>389,880.8</b> | <b>350,733.7</b> | <b>745,829.6</b> | <b>1,131,662.6</b>                | <b>727,040.4</b>    | <b>865,171.0</b>    |
| <b>Oil Revenue (Gross)3/</b>                 | <b>250,482.6</b> | <b>241,786.3</b> | <b>632,419.4</b> | <b>950,057.5</b>                  | <b>468,090.4</b>    | <b>607,293.7</b>    |
| Exports                                      | 176,755.8        | 182,801.4        | 403,782.5        | 512,814.1                         | 120,919.6           | 289,864.0           |
| PPT , Royalties,rent, etc                    | 60,484.6         | 36,648.3         | 175,741.0        | 360,820.6                         | 168,411.0           | 183,684.8           |
| Upstreams Gas Sales                          | 0.0              | 0.0              |                  | 23,133.1                          | 7,151.5             | 10,687.7            |
| Domestic Crude Oil Sales                     | 11,942.0         | 22,336.6         | 43,667.9         | 53,289.7                          | 163,724.4           | 120,004.1           |
| Open Acreage Allocation Fee                  | 0.0              | 0.0              |                  | 0.0                               | 0.0                 | 0.0                 |
| Other Oil Revenue                            | 1,300.2          | 0.0              | 9,228.0          | 0.0                               | 7,883.9             | 3,053.1             |
| <b>Less:</b>                                 |                  |                  |                  |                                   |                     |                     |
| First Charges 4/                             | 59,730.6         | 202,216.0        | 218,682.2        | 446,509.6                         | 0.0                 | 259,439.9           |
| Transfer to PSTF                             | 53,928.8         | 0.0              | 0.0              | 0.0                               | 0.0                 | 0.0                 |
| <b>Oil Revenue (Net)</b>                     | <b>136,823.2</b> | <b>39,570.3</b>  | <b>413,737.2</b> | <b>503,547.9</b>                  | <b>468,090.4</b>    | <b>347,853.8</b>    |
| <b>Non- Oil Revenue</b>                      | <b>139,398.2</b> | <b>108,947.4</b> | <b>113,410.2</b> | <b>181,605.1</b>                  | <b>258,950.0</b>    | <b>257,877.3</b>    |
| Companies Income Tax.                        | 13,502.7         | 22,260.6         | 23,231.0         | 32,036.4                          | 45,000.0            | 37,589.0            |
| Customs & Excise Duties.                     | 27,205.9         | 40,552.1         | 41,866.6         | 74,504.5                          | 90,000.0            | 89,601.1            |
| Privatisation Proceeds                       | 0.0              | 0.0              | 0.0              | 0.0                               | 37,500.0            | 0.0                 |
| Value-Added Tax(VAT)                         | 18,191.3         | 22,680.6         | 26,924.9         | 43,069.3                          | 45,000.0            | 50,509.3            |
| Tax on Petroleum Products                    | 18,936.0         | 0.0              | 12,185.0         | 13,786.9                          | 0.0                 | 5,401.0             |
| Independent Revenue of Fed. Govt.            | 7,633.5          | 16,409.3         | 6,455.8          | 15,622.1                          | 25,000.0            | 55,650.0            |
| Education Tax                                | n.a              | n.a              | 2,746.9          | 2,008.1                           | 5,000.0             | 1,651.2             |
| Others                                       | 53,928.8         | 7,044.8          | 0.0              | 577.8                             | 11,450.0            | 17,475.7            |
| <b>Federally - collected revenue(Net)</b>    | <b>276,221.4</b> | <b>148,517.7</b> | <b>527,147.4</b> | <b>685,153.0</b>                  | <b>727,040.4</b>    | <b>605,731.1</b>    |
| <b>Federation Account Allocation:</b>        | <b>236,649.9</b> | <b>162,803.8</b> | <b>569,023.9</b> | <b>662,435.5</b>                  | <b>727,040.3</b>    | <b>620,731.1</b>    |
| Transfer to AFEM Surplus Account             | 53,928.8         | 0.0              | 0.0              | 0.0                               | 0.0                 | 0.0                 |
| Transfer to Stabilization Account            | 0.0              | 0.0              | 31,098.8         | 3,773.2                           | 0.0                 | 675.9               |
| Transfer to Federation Reserve Account       | 0.0              | 0.0              | 13,519.0         | 20,363.1                          | 0.0                 | 356.7               |
| Transfer to Federal Govt. Ind. Revenue       | 7,633.5          | 16,409.3         | 6,455.8          | 13,249.7                          | 25,000.0            | 55,650.0            |
| Transfer to VAT Pool Account                 | 18,191.3         | 22,680.6         | 26,924.9         | 43,069.3                          | 45,000.0            | 50,509.3            |
| Deductions for 13% Derivation                | 0.0              | 0.0              | 14,633.9         | 38,278.4                          | 36,511.0            | 36,942.6            |
| National Judicial Council                    | 0.0              | 0.0              | 0.0              | 7,500.0                           | 0.0                 | 0.0                 |
| Transfer to Others 5/                        | 22,354.3         | 0.0              | 31,692.0         | 0.0                               | 53,950.0            | 31,491.8            |
| <b>Amount Distributed</b>                    | <b>134,542.0</b> | <b>123,713.9</b> | <b>444,699.5</b> | <b>536,201.8</b>                  | <b>566,579.3</b>    | <b>445,104.8</b>    |
| Federal Government                           | 65,234.0         | 60,050.0         | 222,776.8        | 268,480.0                         | 290,683.5           | 221,947.0           |
| State Government                             | 32,281.0         | 29,715.3         | 110,240.1        | 137,573.9                         | 144,236.9           | 117,918.0           |
| Local Government                             | 26,901.0         | 24,762.7         | 91,866.8         | 109,873.8                         | 120,327.3           | 100,136.2           |
| Special Funds                                | 10,126.0         | 9,185.9          | 19,815.8         | 20,274.1                          | 11,331.6            | 5,103.6             |
| Federal Capital Territory                    | 1,347.0          | 1,238.2          | 3,843.3          | 5,732.2                           | 0.0                 | 1,359.8             |
| Ecology                                      | 2,729.0          | 2,579.5          | 7,691.6          | 10,330.6                          | 11,331.6            | 2,711.2             |
| Statutory Stabilization                      | 673.0            | 644.7            | 1,920.5          | 2,866.1                           | 0.0                 | 675.9               |
| Residual Account                             | 5,377.0          | 4,723.5          | 6,360.4          | 1,345.2                           | 0.0                 | 356.7               |
| <b>Overall Balance</b>                       | <b>39,571.5</b>  | <b>-14,286.1</b> | <b>-41,876.5</b> | <b>22,717.5</b>                   | <b>0.1</b>          | <b>-15,000.0</b>    |
| <b>Financing</b>                             | <b>-39,571.5</b> | <b>14,286.1</b>  | <b>41,876.5</b>  | <b>-12,717.5</b>                  | <b>0.1</b>          | <b>15,000.0</b>     |
| Draw-Down from Federation Reserves           | 0                | 0.0              | 0.0              |                                   |                     | 15,000.0            |
| Draw-Down from Excess Crude/PPT Account      | 0                | 20,509.0         | 0.0              |                                   |                     | 0.0                 |
| Other Funds                                  | -39,571.5        | -6,222.9         | 41,876.5         | -12,717.5                         | 0.1                 | 0.0                 |
| <b>Memorandum Items:</b>                     |                  |                  |                  |                                   |                     |                     |
| First Charges:                               | 59,730.6         | 202,216.0        | 218,682.2        | 446,509.6                         | 274,000.0           | 259,439.9           |
| JVC Cash calls                               | 22,551.0         | 89,647.1         | 100,813.2        | 195,792.1                         | 175,000.0           | 201,789.9           |
| NNPC Priority Projects                       | 18,479.4         | 11,653.3         | 4,367.4          | 19,017.2                          | 1,000.0             | 16,391.8            |
| External Debt Service/NJC /6                 | 18,700.2         | 67,235.6         | 50,338.8         | 153,331.2                         | 84,000.0            | 41,258.2            |
| Excess Crude Proceeds & Others               | 0.0              | 33,680.0         | 63,162.8         | 78,369.1                          | 14,000.0            | 0.0                 |

1/ Revised

2/ Provisional

3/ Consists of export and domestic oil revenue

4/ As contained in memorandum items

5/ Includes Education Tax, Customs levies, and privatisation proceeds

6/ Provisional debt service payments Jan.- March 2002 (i.e before Supreme Court Judgement)

Sources: Federal Ministry of Finance.

TABLE 7

**FISCAL OPERATIONS OF THE FEDERAL GOVERNMENT**  
(=N='Million)

|   | PROPORTINATE<br>BUDGET<br>ESTIMATE |                  |                  |                  |                     |                     |                     |
|---|------------------------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|
|   | 1997<br>1st HALF                   | 1998<br>1st HALF | 1999<br>1st HALF | 2000<br>1st HALF | 2001 1/<br>1ST HALF | 2002 2/<br>1ST HALF | 2002 2/<br>1ST HALF |
| <b>Federal Government Retained Revenue</b>  | 176,118.9                          | 151,556.4        | 166,789.9        | 214,878.7        | 334,670.0           | 316,958.8           | 284,907.0           |
| Statutory Revenue Allocation  | 62,118.9                           | 37,483.2         | 62,118.9         | 204,451.3        | 268,480.0           | 236,083.6           | 221,947.00          |
| Independent Revenue   | 3,000.0                            | 4,133.7          | 12,729.1         | 6,460.8          | 11,540.0            | 25,000.0            | 55,650.0            |
| Share of Value-Added Tax  | 7,000.0                            | 4,507.4          | 3,415.9          | 3,966.6          | 6,190.0             | 6,750.0             | 7,310.0             |
| Share of AFEM Surplus   | 5,000.0                            | 26,273.6         | -                | -                | 0.0                 | 0.0                 | 0.0                 |
| External Debt Service Funds 3/  | 22,000.0                           | 18,700.2         | -                | -                | -                   | -                   | -                   |
| PSTF  | 22,000.0                           | 16,958.0         | -                | -                | -                   | 0.0                 | 0.0                 |
| Privatisation Proceeds  | 0.0                                | 0.0              | 5,000.0          | -                | 0.0                 | 37,500.0            | 0.0                 |
| Others 4/   | 55,000.0                           | 43,500.3         | 83,526.0         | 0.0              | 48,460.0            | 11625.2             | 0.0                 |
| <b>Total Expenditure</b>  | <b>157,000.0</b>                   | <b>199,893.7</b> | <b>412,491.0</b> | <b>274,823.9</b> | <b>488,163.5</b>    | <b>538,760.0</b>    | <b>404,420.0</b>    |
| <b>Recurrent Expenditure 5/</b>   | <b>82,000.0</b>                    | <b>97,022.7</b>  | <b>191,311.0</b> | <b>205,005.0</b> | <b>304,293.5</b>    | <b>289,048.1</b>    | <b>328,880.0</b>    |
| Interest Payments   | 29,000.0                           | 36,523.4         | 92,911.0         | 49,326.9         | 54,353.8            | 67,000.0            | 86,128.3            |
| Foreign   | 14,000.0                           | 18,700.2         | 60,349.4         | 0.0              | 0.0                 | 0.0                 | 0.0                 |
| Domestic  | 15,000.0                           | 17,823.2         | 32,561.6         | 49,326.9         | 54,353.8            | 67,000.0            | 86,128.3            |
| Other(Non-Debt)   | 53,000.0                           | 60,499.3         | 98,400.0         | 155,678.1        | 249,939.7           | 222,048.1           | 242,751.7           |
| <b>Capital Expenditure &amp; Net Lending 6/</b>   | <b>75,000.0</b>                    | <b>102,871.0</b> | <b>221,180.0</b> | <b>69,818.9</b>  | <b>183,870.0</b>    | <b>249,711.9</b>    | <b>75,540.0</b>     |
| Capital Repayments  | 8,000.0                            | 0.0              | 180.0            | 0.0              | 140.0               | 6,359.4             | 7,425.8             |
| Foreign   | 8,000.0                            | 0.0              | 0.0              | 0.0              | -                   | 6,359.4             | 7,425.8             |
| Domestic  | 0.0                                | 0.0              | 180.0            | 0.0              | 140.0               | -                   | 0.0                 |
| Other(Non-Debt)   | 45,000.0                           | 71,308.2         | 124,800.0        | 69,818.9         | 173,820.0           | 235,852.5           | 59,980.0            |
| Net Lending to States/Others  | 0.0                                | 0.0              | 0.0              | 0.0              | -                   | -                   | 0.0                 |
| Transfer to PSTF  | 22,000.0                           | 17,938.0         | 24,000.0         | 0.0              | -                   | -                   | 0.0                 |
| Transfer to NDDC  | -                                  | -                | -                | -                | 2,500.0             | 6,324.7             | 6,294.8             |
| Others 7/   | 0.0                                | 13,624.8         | 72,200.0         | 0.0              | 9,910.0             | 7,500.0             | 1,839.4             |
| <b>Balance Of Revenue And Expenditure</b>   |                                    |                  |                  |                  |                     |                     |                     |
| Recurrent Balance(Surplus+)/Deficit(-))   | 94,118.9                           | 54,533.7         | -24,521.1        | 9,873.7          | 30,376.5            | 27,910.7            | -43,973.0           |
| Overall Balance(Deficit(-)/Surplus(+))/8  | 19,118.9                           | -48,337.3        | -245,701.1       | -59,945.2        | -153,493.5          | -221,801.3          | -119,513.0          |
| <b>Financing:</b>   | <b>-19,118.9</b>                   | <b>48,337.3</b>  | <b>245,701.1</b> | <b>59,945.2</b>  | <b>153,493.5</b>    | <b>229,760.0</b>    | <b>119,513.0</b>    |
| Foreign(Net)  | 0.0                                | 0.0              | 0.0              | 0.0              | 0.0                 | 0.0                 | 0.0                 |
| Domestic(Net)   | -21,185.9                          | -1,932.6         | 252,802.4        | 48,702.8         | 0.0                 | 0.0                 | 42,174.0            |
| Banking System  | -21,185.9                          | -1,932.6         | 252,802.4        | 48,702.8         | 0.0                 | 0.0                 | 42,174.0            |
| Non Bank Public   | 0.0                                | 0.0              | 0.0              | 0.0              | 0.0                 | 0.0                 | 0.0                 |
| Excess Crude oil proceeds   | -                                  | -                | -                | -                | 174,400.0           | 27,080.0            | 36,273.4            |
| Share of Reserve Account/Looted Funds   | -                                  | -                | -                | -                | 24,240.0            | 26,080.0            | 36,325.2            |
| Other Funds 9/  | 2,067.0                            | 50,269.9         | -7,101.3         | 11,242.4         | -45,146.5           | 176,600.0           | 4,740.4             |
| <b>Memorandum Items:</b>  |                                    |                  |                  |                  |                     |                     |                     |
| Primary Balance   | 56,118.9                           | -11,813.9        | -152,610.1       | -10,618.3        | -101,499.7          | -154,766.6          | -25,958.9           |
| Government Obligations  | 1,018,034.6                        | 1,007,535.7      | 1,427,883.5      | 3,546,897.2      | 4,019,979.7         | 0.0                 | 4,193,264.9         |
| (i) External Debt Outstanding   | 617,320.0                          | 595,931.6        | 633,017.0        | 2,752,280.7      | 3,121,725.8         | -                   | 3,176,291.0         |
| (ii) Internal Debt Outstanding  | 400,714.6                          | 411,604.1        | 794,866.5        | 794,616.5        | 898,253.9           | -                   | 1,016,973.9         |
| 1/ Revised  |                                    |                  |                  |                  |                     |                     |                     |
| 2/ Povisional   |                                    |                  |                  |                  |                     |                     |                     |
| 3/ From 2001 external debt service and other first line charges are treated in Federation Account   |                                    |                  |                  |                  |                     |                     |                     |
| 4/ Includes Fed. Govt. share of Reserved A/c, FIRS Reserves, etc  |                                    |                  |                  |                  |                     |                     |                     |
| 5/ Includes extra-budgetary expenditure.  |                                    |                  |                  |                  |                     |                     |                     |
| 6/ Includes net of deductions for loans on lent to State,local governments and Federal parastatals/companies.   |                                    |                  |                  |                  |                     |                     |                     |
| 7/ Includes subventions and grants to States & Local Councils, and local contractors, deferred customs duties   |                                    |                  |                  |                  |                     |                     |                     |
| 8/The difference between the Year 2002 figure and the Federal Ministry of Finance figure is explained by the following items:-  |                                    |                  |                  |                  |                     |                     |                     |
| Fed. Govt. Share of Excess Crude, Reserved Account, Receipts from looted funds & Other funds which are financing items but treated as current revenue by Federal Ministry of Finance. |                                    |                  |                  |                  |                     |                     |                     |
| 9/ Indicates Balance brought forward from the previous Year.  |                                    |                  |                  |                  |                     |                     |                     |
| <b>Source: Federal Ministry of Finance.</b>   |                                    |                  |                  |                  |                     |                     |                     |

TABLE 8

SELECTED REAL SECTOR INDICATORS  
(Per cent, except otherwise indicated)

|  | 1998     | 1999     | 2000     | 2000     | 2001/1   | 2001/1   | 2002/2   |
|--|----------|----------|----------|----------|----------|----------|----------|
|  | 1st Half | 1st Half | 1st Half | 2nd Half | 1st Half | 2nd Half | 1st Half |
| <b>Agricultural Production Index</b>   |          |          |          |          |          |          |          |
| (1984=100)   | 204.4    | 210.7    | 217.7    | 222.7    | 226.2    | 266.8    | 235.4    |
| Crops  | 254.9    | 261.8    | 268.7    | 272.3    | 275.4    | 318.6    | 286.5    |
| Staples  | 311.3    | 319.0    | 332.5    | 338.4    | 339.4    | 349.0    | 352.3    |
| Other Crops  | 127.2    | 131.9    | 135.9    | 138.3    | 140.1    | 200.3    | 146.5    |
| Livestock  | 73.9     | 80.5     | 83.8     | 85.1     | 85.4     | 195.2    | 87.3     |
| Fishery  | 46.9     | 56.1     | 58.8     | 59.5     | 60.3     | 117.3    | 62.6     |
| Forestry   | 136.0    | 126.6    | 130.4    | 130.7    | 131.0    | 140.1    | 133.2    |
| <b>Indices of Average World Prices</b><br>(c.i.f) in US\$ of Nigeria's Major |          |          |          |          |          |          |          |
| All Commodities (1985-100)   | 91.6     | 71.8     | 50.5     | 47.9     | 56.1     | 62.8     | 82.9     |
| Cocoa  | 80.3     | 62.3     | 44.2     | 41.8     | 54.9     | 61.3     | 82.0     |
| Coffee   | 129.2    | 92.9     | 74.9     | 70.6     | 51.1     | 58.6     | 48.4     |
| Cotton   | 145.4    | 121.3    | 115.9    | 99.8     | 115.2    | 102.1    | 88.5     |
| Palm Oil   | 158.2    | 127.2    | 80.7     | 81.9     | 57.9     | 69.4     | 89.4     |
| Copra  | 121.1    | 157.8    | 117.4    | 96.6     | 62.2     | 55.4     | 82.0     |
| Soyabean   | 160.3    | 129.1    | 124.0    | 98.8     | 120.0    | 118.8    | 121.5    |
| <b>Industrial Production Index</b>   | 137.5    | 131.0    | 137.0    | 147.3    | 143.2    | 145.0    | 143.9    |
| (1985=100)   |          |          |          |          |          |          |          |
| Manufacturing Index  | 133.9    | 135.5    | 136.3    | 140.2    | 138.8    | 145.7    | 145.2    |
| Mining Index   | 139.2    | 128.5    | 137.5    | 150.7    | 145.5    | 145.0    | 135.6    |
| Electricity  | 136.9    | 137.9    | 134.8    | 148.0    | 142.7    | 146.5    | 145.2    |
| <b>Manufacturing Capacity Utilisation Rate</b>                               | 33.3     | 33.2     | 33.8     | 35.7     | 35.5     | 36.3     | 36.2     |
| <b>Consumer Price Index (1998=100)</b>                                       |          |          |          |          |          |          |          |
| Composite  | 3,204.7  | 3,469.9  | 3,673.6  | 3,778.4  | 4,263.5  | 4,268.0  | 4,784.7  |
| Food   | 3,134.7  | 3,218.1  | 3,217.6  | 3,238.4  | 4,197.7  | 4,021.7  | 4,630.3  |
| Urban (All Items)  | 3,269.9  | 3,560.7  | 3,767.4  | 4,011.0  | 4,489.6  | 4,489.8  | 5,078.8  |
| Rural (All Items)  | 3,193.4  | 3,452.3  | 3,655.4  | 3,733.2  | 4,219.6  | 4,215.4  | 4,728.0  |
| <b>Inflation Rate</b>  | 6.4      | 12.1     | 1.3      | 6.9      | 16.6     | 18.9     | 16.4     |
| <b>GROWTH RATE OVER THE PRECEDING PERIOD(%)</b>                              |          |          |          |          |          |          |          |
| <b>Agricultural Production Index</b>   |          |          |          |          |          |          |          |
| (1984=100)   | 0.0      | 3.1      | 3.3      | 2.3      | 1.6      | 17.9     | -11.8    |
| Crops  | 0.0      | 2.7      | 2.6      | 1.3      | 1.1      | 15.7     | -10.1    |
| Staples  | 0.0      | 2.5      | 4.2      | 1.8      | 0.3      | 2.8      | 0.9      |
| Other Crops  | 0.0      | 3.7      | 3.0      | 1.8      | 1.3      | 43.0     | -26.9    |
| Livestock  | 0.0      | 8.9      | 4.1      | 1.6      | 0.4      | 128.6    | -55.3    |
| Fishery  | 0.0      | 19.6     | 4.8      | 1.2      | 1.3      | 94.5     | -46.6    |
| Forestry   | 0.0      | -6.9     | 3.0      | 0.2      | 0.2      | 6.9      | -4.9     |
| <b>Indices of Average World Prices</b><br>(c.i.f) in US\$ of Nigeria's Major |          |          |          |          |          |          |          |
| All Commodities (1985-100)   | 0.0      | -21.6    | -29.7    | -5.1     | 17.1     | 11.9     | 32.0     |
| Cocoa  | 0.0      | -22.4    | -29.1    | -5.4     | 31.3     | 11.7     | 33.8     |
| Coffee   | 0.0      | -28.1    | -19.4    | -5.7     | -27.6    | 14.7     | -17.4    |
| Cotton   | 0.0      | -16.6    | -4.5     | -13.9    | 15.4     | -11.4    | -13.3    |
| Palm Oil   | 0.0      | -19.6    | -36.6    | 1.5      | -29.3    | 19.9     | 28.8     |
| Copra  | 0.0      | 30.3     | -25.6    | -17.7    | -35.6    | -10.9    | 48.0     |
| Soyabean   | 0.0      | -19.5    | -4.0     | -20.3    | 21.5     | -1.0     | 2.3      |
| <b>Industrial Production Index</b>   | 0.0      | -4.7     | 4.6      | 7.5      | -2.8     | 1.3      | -0.8     |
| (1985=100)   |          |          |          |          |          |          |          |
| Manufacturing Index  | 0.0      | 1.2      | 0.6      | 2.9      | -1.0     | 5.0      | -0.3     |
| Mining Index   | 0.0      | -7.7     | 7.0      | 9.6      | -3.5     | -0.3     | -6.5     |
| Electricity  | 0.0      | -7.7     | 7.0      | 9.6      | -3.5     | -0.3     | -6.5     |
| <b>Manufacturing Capacity Utilisation Rate</b>                               | 0.0      | -0.3     | 1.8      | 5.6      | -0.6     | 2.3      | -0.3     |
| <b>Consumer Price Index (1998=100)</b>                                       |          |          |          |          |          |          |          |
| Composite  | 0.0      | 8.3      | 5.9      | 2.9      | 12.8     | 0.1      | 12.1     |
| Food   | 0.0      | 2.7      | 0.0      | 0.6      | 29.6     | -4.2     | 15.1     |
| Urban (All Items)  | 0.0      | 8.9      | 5.8      | 6.5      | 11.9     | 0.0      | 13.1     |
| Rural (All Items)  | 0.0      | 8.1      | 5.9      | 2.1      | 13.0     | -0.1     | 12.2     |

1/ Revised

2/ Provisional

| TABLE 9  |                 |                 |                 |                     |                     |                     |                     |                     |
|--|-----------------|-----------------|-----------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| SELECTED EXTERNAL SECTOR INDICATORS  |                 |                 |                 |                     |                     |                     |                     |                     |
| (=N=Million, except otherwise indicated)   |                 |                 |                 |                     |                     |                     |                     |                     |
| ITEMS  | 1998            | 1999            | 2000            | 1ST.HALF 1/<br>1999 | 1ST.HALF 1/<br>2000 | 1ST.HALF 1/<br>2001 | 2ND.HALF 2/<br>2001 | 1ST.HALF 2/<br>2002 |
| <b>1. BALANCE OF PAYMENTS</b>  |                 |                 |                 |                     |                     |                     |                     |                     |
| <b>A. CURRENT ACCOUNT</b>  | <b>-331429</b>  | <b>41074.1</b>  | <b>706997.3</b> | <b>-201953</b>      | <b>320907.8</b>     | <b>150512.5</b>     | <b>117587</b>       | <b>-82534.8</b>     |
| Goods  | -18449.4        | 395984.4        | 1059235.5       | -5106.8             | 480971.3            | 550148.9            | 402727.2            | 300755.2            |
| Exports (FOB)  | 689064.4        | 1189005.9       | 1945782.6       | 435667.3            | 857399.3            | 1218482.1           | 890484.9            | 749679.5            |
| Oil Sector   | 657841.8        | 1169512.3       | 1920959         | 424423.3            | 842573.2            | 1209213.6           | 871860.5            | 734868.4            |
| Non-Oil Sector   | 31222.7         | 19493.6         | 24823.7         | 11244               | 14826.1             | 9268.5              | 18624.4             | 14811.1             |
| Imports (FOB)  | -707513.8       | -793021.5       | -886547.2       | -440774.1           | -376428             | -668333.2           | -487757.7           | -448924.4           |
| Oil Sector   | -161267.1       | -211668.2       | -198742         | -88877              | -106795.7           | -116245.9           | -98316.1            | -95804.1            |
| Non-Oil Sector   | -546246.7       | -581353.3       | -687805.2       | -351897.2           | -269632.2           | -552087.3           | -389441.6           | -353120.2           |
| Balance on Services & Income   | -428046.1       | -468565.8       | -511650.5       | -244689.4           | -195361.7           | -516004.8           | -311131.9           | -463828             |
| Current Transfers (net)  | 115066.8        | 113655.5        | 159412.4        | 47852               | 35298.3             | 116368.4            | 25991.7             | 80538               |
| <b>B. CAPITAL AND FINANCIAL ACCOUNT</b>  | <b>116718.2</b> | <b>-361559</b>  | <b>-382267</b>  | <b>-99735.7</b>     | <b>-235605</b>      | <b>-92027.5</b>     | <b>-138340</b>      | <b>-303102.3</b>    |
| <b>C. ERRORS AND OMISSIONS</b>   | <b>-5960.3</b>  | <b>-6150</b>    | <b>-10582.1</b> | <b>-3189.5</b>      | <b>-6977.6</b>      | <b>-7352.4</b>      | <b>-1292.9</b>      | <b>-9291.9</b>      |
| <b>D. OVERALL BALANCE</b>  | <b>-220671</b>  | <b>-326635</b>  | <b>314148.7</b> | <b>-304878</b>      | <b>78324.9</b>      | <b>51121.5</b>      | <b>-22035</b>       | <b>-394929</b>      |
| <b>E. FINANCING</b>  | <b>220670.8</b> | <b>326635</b>   | <b>-314149</b>  | <b>304878.4</b>     | <b>-78324.9</b>     | <b>-51121.5</b>     | <b>22035</b>        | <b>394929</b>       |
| a. Exceptional Financing   | 183710.6        | 174278.6        | 139264.7        | 96331.1             | 105043.8            | 14281.5             | 17387.3             | 189087.7            |
| i. Promissory notes  | 0               | 0               | 0               | 0                   | 0                   | 0                   | 0                   | 0                   |
| ii. Deferred / Rescheduled Debt Service  | 183710.6        | 174278.6        | 139264.7        | 96331.1             | 105043.8            | 14281.5             | 17387.3             | 189087.7            |
| iii. Others  | 0               | 0               | 0               | 0                   | 0                   | 0                   | 0                   | 0                   |
| b. Reserves 3/   | 36960.3         | 152356.4        | -453413.5       | 208547.3            | -183368.7           | -65402.9            | 4647.8              | 205841.3            |
| <b>2.EXTERNAL ASSETS (End of period)</b>   | <b>89643.3</b>  | <b>156279.7</b> | <b>207888.6</b> | <b>608327.8</b>     | <b>888678.1</b>     | <b>1399590</b>      | <b>1469519</b>      | <b>1347870.7</b>    |
| <b>3.EXTERNAL DEBT STOCK</b>   | <b>28773.5</b>  | <b>28066.9</b>  | <b>28273.7</b>  | <b>28773.5</b>      | <b>28040.4</b>      | <b>27766.9</b>      | <b>28347</b>        | <b>28040.4</b>      |
| <b>4.EXCHANGE RATE ( N/\$ ) - Averages</b>   |                 |                 |                 |                     |                     |                     |                     |                     |
| Inter-banks(Official) 4/   | 76.8085         | 92.3428         | 101.6531        | 89.5937             | 100.1085            | 111.4000            | 111.4569            | 115.6217            |
| Parallel Market  | 87.8700         | 99.1758         | 111.0517        | 96.6897             | 86.2500             | 130.0000            | 133.9179            | 136.3954            |
| Bureaux de Change  | 87.8700         | 99.2508         | 111.1100        | 96.7611             | 85.0800             | 130.1000            | 133.9319            | 136.4880            |
| 1 / REVISED  |                 |                 |                 |                     |                     |                     |                     |                     |
| 2 / PROVISIONAL  |                 |                 |                 |                     |                     |                     |                     |                     |
| 3 / MINUS (-) SIGN INDICATES INCREASE IN RESERVE<br>PLUS (+) SIGN INDICATES DECREASE IN RESERVE            |                 |                 |                 |                     |                     |                     |                     |                     |
| 4/ THE CONVERSION EXCHANGE RATES IN 1998 WERE DERIVED FROM THE WEIGHTED AVERAGE OF OFFICIAL AND AFEM RATES |                 |                 |                 |                     |                     |                     |                     |                     |

| TABLE 10   |                |                |                 |                     |                     |                     |                     |                     |
|--|----------------|----------------|-----------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| SELECTED EXTERNAL SECTOR INDICATORS  |                |                |                 |                     |                     |                     |                     |                     |
| (US\$Million, except otherwise indicated)  |                |                |                 |                     |                     |                     |                     |                     |
| ITEMS  | 1998           | 1999           | 2000            | 1ST.HALF 1/<br>1999 | 1ST.HALF 1/<br>2000 | 1ST.HALF 1/<br>2001 | 2ND.HALF 2/<br>2001 | 1ST.HALF 2/<br>2002 |
| <b>1. BALANCE OF PAYMENTS</b>  |                |                |                 |                     |                     |                     |                     |                     |
| <b>A. CURRENT ACCOUNT</b>  | <b>-4315</b>   | <b>444.8</b>   | <b>6955</b>     | <b>-2254.1</b>      | <b>3205.6</b>       | <b>1351.1</b>       | <b>1055</b>         | <b>-713.8</b>       |
| Goods  | -240.2         | 4288.2         | 10420.1         | -57                 | 4804.5              | 4938.5              | 3613.3              | 2601.2              |
| Exports (FOB)  | 8971.2         | 12876          | 19141.4         | 4862.7              | 8564.7              | 10937.9             | 7989.5              | 6483.9              |
| Oil Sector   | 8564.7         | 12664.9        | 18897.2         | 4737.2              | 8416.6              | 10854.7             | 7822.4              | 6355.8              |
| Non-Oil Sector   | 406.5          | 211.1          | 244.2           | 125.5               | 148.1               | 83.2                | 167.1               | 128.1               |
| Imports (FOB)  | -9211.4        | -8587.8        | -8721.3         | -4919.7             | -3760.2             | -5999.4             | -4376.2             | -3882.7             |
| Oil Sector   | -2099.6        | -2292.2        | -1955.1         | -992                | -1066.8             | -1043.5             | -882.1              | -828.6              |
| Non-Oil Sector   | -7111.8        | -6295.6        | -6766.2         | -3927.7             | -2693.4             | -4955.9             | -3494.1             | -3054.1             |
| Balance on Services & Income   | -5572.9        | -5074.2        | -5033.3         | -2731.1             | -1951.5             | -4632               | -2791.5             | -4011.6             |
| Current Transfers (net)  | 1498.1         | 1230.8         | 1568.2          | 534.1               | 352.6               | 1044.6              | 233.2               | 696.6               |
| <b>B. CAPITAL AND FINANCIAL ACCOUNT</b>  | <b>1519.6</b>  | <b>-3915.4</b> | <b>-3760.5</b>  | <b>-1113.2</b>      | <b>-2353.5</b>      | <b>-826.1</b>       | <b>-1241.2</b>      | <b>-2621.5</b>      |
| <b>C. ERRORS AND OMISSIONS</b>   | <b>-77.6</b>   | <b>-66.6</b>   | <b>-104.1</b>   | <b>-35.6</b>        | <b>-69.7</b>        | <b>-66</b>          | <b>-11.6</b>        | <b>-80.4</b>        |
| <b>D. OVERALL BALANCE</b>  | <b>-2873</b>   | <b>-3537.2</b> | <b>3090.4</b>   | <b>-3402.9</b>      | <b>782.4</b>        | <b>458.9</b>        | <b>-197.7</b>       | <b>-3415.7</b>      |
| <b>E. FINANCING</b>  | <b>2873</b>    | <b>3537.2</b>  | <b>-3090.4</b>  | <b>3402.9</b>       | <b>-782.4</b>       | <b>-458.9</b>       | <b>197.7</b>        | <b>3415.7</b>       |
| a. Exceptional Financing   | 2391.8         | 1887.3         | 1370            | 1075.2              | 1049.3              | 128.2               | 156                 | 1635.4              |
| i. Promissory notes  | 0              | 0              | 0               | 0                   | 0                   | 0                   | 0                   | 0                   |
| ii. Deferred / Rescheduled Debt Service  | 2391.8         | 1887.3         | 1370            | 1075.2              | 1049.3              | 128.2               | 156                 | 1635.4              |
| iii. Others  | 0              | 0              | 0               | 0                   | 0                   | 0                   | 0                   | 0                   |
| b. Reserves 3/   | 481.2          | 1649.9         | -4460.4         | 2327.7              | -1831.7             | -587.1              | 41.7                | 1780.3              |
| <b>2.EXTERNAL ASSETS (End of period)</b>   | <b>8703.1</b>  | <b>7231</b>    | <b>12183.7</b>  | <b>6410.2</b>       | <b>8695.5</b>       | <b>12496.3</b>      | <b>12947.3</b>      | <b>11222.9</b>      |
| <b>3.EXTERNAL DEBT STOCK</b>   | <b>28773.5</b> | <b>28066.9</b> | <b>28273.7</b>  | <b>28773.5</b>      | <b>28040.4</b>      | <b>27766.9</b>      | <b>28347</b>        | <b>28040.4</b>      |
| <b>4.EXCHANGE RATE 4/</b>  | <b>76.8085</b> | <b>92.3428</b> | <b>101.6531</b> | <b>89.5937</b>      | <b>100.1085</b>     | <b>111.4</b>        | <b>111.4569</b>     | <b>115.6217</b>     |
| 1 / REVISED  |                |                |                 |                     |                     |                     |                     |                     |
| 2 / PROVISIONAL  |                |                |                 |                     |                     |                     |                     |                     |
| 3 / MINUS (-) SIGN INDICATES INCREASE IN RESERVE<br>PLUS (+) SIGN INDICATES DECREASE IN RESERVE            |                |                |                 |                     |                     |                     |                     |                     |
| 4/ THE CONVERSION EXCHANGE RATES IN 1998 WERE DERIVED FROM THE WEIGHTED AVERAGE OF OFFICIAL AND AFEM RATES |                |                |                 |                     |                     |                     |                     |                     |