

## **ECONOMIC REPORT FOR THE MONTH OF SEPTEMBER 2003**

### **1.0 SUMMARY**

Available data indicated further increases in monetary aggregates in September, 2003. Broad money stock ( $M_2$ ) and narrow money ( $M_1$ ) rose by 7.03 and 0.7 per cent, respectively, during the month and expanded by 24.2 per cent and 34.2 per cent in the first nine months of the year, compared with the targets of 15.0 and 13.8 per cent for the whole year. Monetary expansion in the review month was attributable wholly to the increase in other assets (net) of the banking system. Aggregate bank credit to the domestic economy declined by 4.6 per cent during the month but rose by 27.6 per cent in the first nine months of the year, compared with 25.7 per cent target for fiscal 2003.

Available data indicated mixed developments in banks' interest rates during the review month. The spread between banks' weighted average deposit and maximum lending rates stood at 9.0 percentage points, while the margin between the average savings deposit and maximum lending rates was 18.7 percentage points. The average inter-bank call rate declined to 14.6 per cent in September from 16.4 per cent in August 2003.

The value of money market assets outstanding fell by 1.9 per cent in September 2003, in contrast to the increase of 4.2 per cent in the preceding month. The fall reflected largely the decline of 5.2 per cent in Commercial Papers (CPs) during the month. No new issue of Nigerian Treasury Bills (NTBs) was made during the month,

but matured bills worth ₦290.6 billion were rolled over. Performance indicators of the capital market showed upward trend during the month.

Activities in the agricultural sector during the month included the harvesting of various root and tuber crops; planting of late crops in the southern states; and the preparation of land and nurseries for tomatoes, pepper, carrots, cabbage and other vegetables in the northern states. The price index of Nigeria's major agricultural commodities at the London commodity market increased by 7.8 per cent, in dollar terms, over the level in the preceding month but declined by 6.7 per cent from the level at the corresponding period of 2002. The inflation rate in September was estimated at 9.8 per cent, down from 9.9 per cent in August, 2003. At 146.8 (1985=100), the estimated index of industrial production rose by 1.3 and 1.5 percent over the levels recorded in the preceding quarter and the corresponding quarter of 2002, respectively. The rise in the review quarter reflected the increases of 0.1 per cent each in manufacturing and mining sub-sectors, respectively. Estimated crude oil output, including condensates and natural gas, was 2.20 million barrels per day (mbd) or 66.0 million barrels for the month, reflecting a decline of 4.8 per cent from the preceding month's level. The share of the country's production in total OPEC's output was 7.3 per cent, compared with 7.5 per cent in the preceding month. Deliveries of crude oil to refineries for domestic consumption remained at 0.45 mbd or 13.50 million barrels per month. The average price of Nigeria's reference crude, Bonny Light, (37°API), at \$27.49 per barrel, fell by 8.5 per cent from its level in August 2003.

Available data on foreign exchange flows through the Central Bank of Nigeria (CBN) indicated an inflow of \$1,173.1 million and an outflow of \$1,769.4 million, resulting in a net outflow of \$596.3 million during the month. Foreign exchange sales to the authorized dealers by CBN amounted to \$876.1 million, compared with \$915.7 million in the preceding month. The weighted average exchange rate of the naira vis-à-vis the US dollar depreciated marginally by 0.5 per cent from ₦128.28 per dollar in August to ₦128.95 per dollar in September, 2003. In the parallel market and the bureaux de change, the naira also depreciated by 0.7 and 0.8 per cent to ₦142.70 and ₦143.34 per dollar, respectively. Nigeria's gross external reserves declined by 3.8 per cent to \$7,121.2 million in September 2003.

On the international scene, world crude oil output rose by 0.6 per cent, while estimated demand exceeded supply by 0.30 million barrels per day (mbd), compared with the excess demand of 0.60 mbd recorded in the preceding month. Other major international economic developments of relevance to the domestic economy during the month included: the annual meetings of the boards of Governors of the International Monetary Fund (IMF) and the World Bank Group, the G-24 Ministers and the Commonwealth Ministers of Finance held in Dubai, United Arab Emirates (UAE), 20-24 September, 2003 against a background of promising signs of an upturn

in the global economy, especially in major industrial countries of Europe and North America, as well as in some countries in Asia, Latin America and Africa.

In another development, the Third Tokyo International Conference on African Development (TICAD) was held in Tokyo, Japan, from 29<sup>th</sup> September to 1<sup>st</sup> October, 2003 and this marked a decade since the Japanese Government, in collaboration with the United Nations and the Global Coalition for Africa, launched its effort to encourage international partnership for Africa's development. Twenty African leaders including Nigerian and South Africa presidents were in attendance.

Finally, a meeting of experts on trade finance and transport was convened by the United Nations Conference on Trade and Development (UNCTAD) at Geneva, Switzerland during the month to discuss the problems of developing countries in the area of multimodal transport and logistics services with a view to finding appropriate solutions.

## **2.0 FINANCIAL SECTOR DEVELOPMENTS**

Money supply rose further in September 2003. Interest rate developments indicated mixed trends, while the liquidity situation in the banking system continued to influence developments in the money market. Major stock market indicators increased during the month.

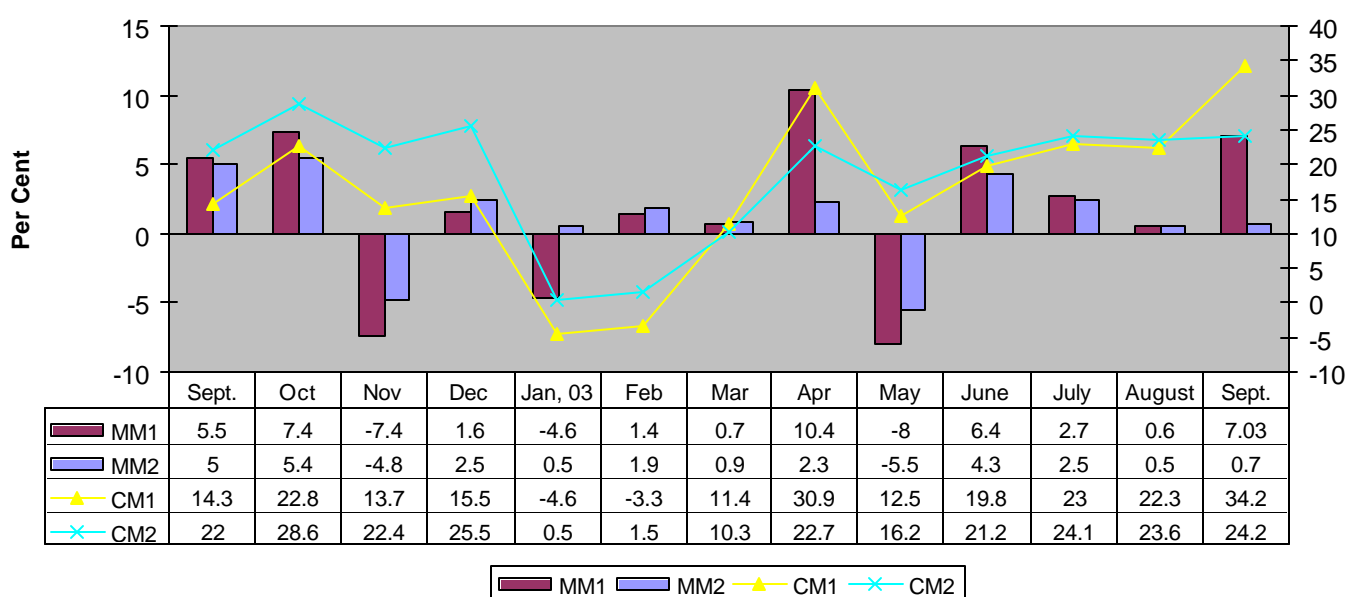
## 2.1 Monetary and Credit Developments

Broad money stock ( $M_2$ ) rose in September 2003 by ₦13.9 billion or 0.7 per cent to ₦1,986.5 billion, in contrast to a decline of ₦12.9 billion or 0.7 per cent in the preceding month. Narrow money ( $M_1$ ) also rose by ₦83.4 billion or 7.03 per cent to ₦91,269.5 billion, compared with the 1.9

both the Federal Government and private sector. In the first nine months of the year, aggregate bank claims on the domestic economy, however, rose by 27.6 per cent, compared with the growth target of 25.7 per cent for fiscal 2003.

Banking system's net claims on the Federal government fell by ₦27.4 billion or 4.2 per cent. The fall reflected largely the decline in deposit money banks' claims.

Figure 1 : Aggregate Money Supply in Nigeria (Monthly & Cumulative Growth Rate in Per cent)



per cent increase recorded in August 2003. The rise during the review month reflected entirely the increase in other assets (net) of the banking system. In the first nine months of the year,  $M_2$  and  $M_1$  grew by 24.2 and 34.2 per cent, respectively, compared with the growth targets of 15.0 and 13.8 per cent for the whole year.

Aggregate bank credit to the domestic economy declined by ₦82.2 billion or 4.6 per cent to ₦1,696.2 billion during the month, compared with the decline of ₦70.7 billion or 3.8 per cent in the preceding month. The fall was accounted for by the decline in banking system's credit to

Bank credit to the private sector declined by ₦54.9 billion or 4.90 per cent during the month and 11.4 per cent in the first nine months of the year, compared with the target expansion of 32.3 per cent for fiscal 2003.

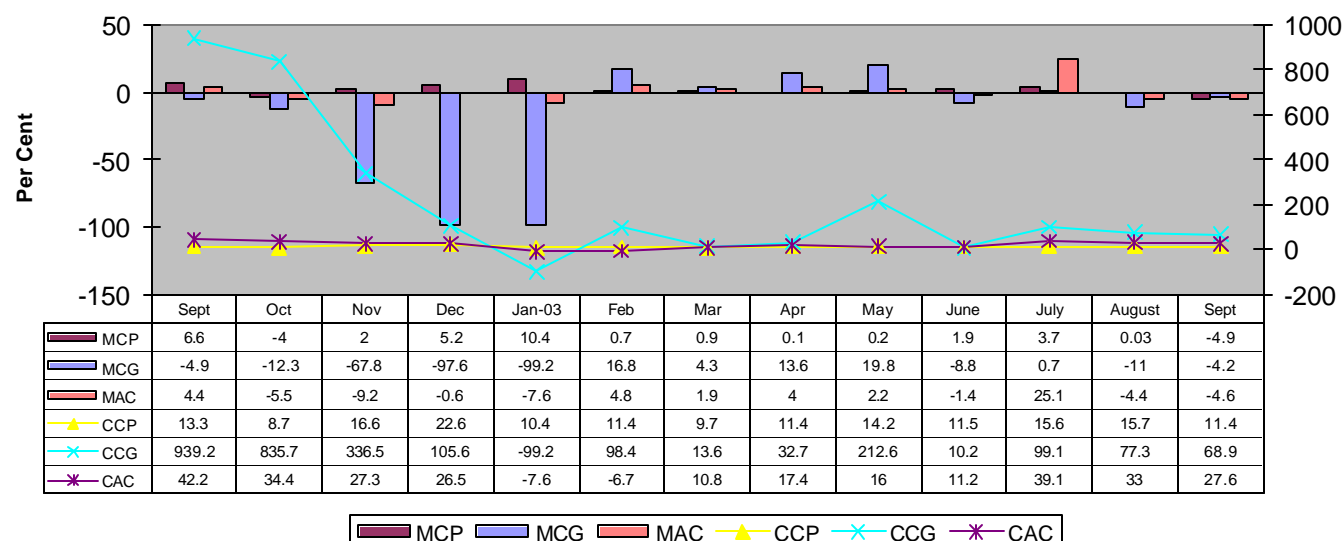
At ₦1,283.3 billion, foreign assets, (net) of the banking system fell by ₦116.0 billion or 8.3 per cent, in contrast to the increase of ₦98.2 billion or 7.5 per cent in the preceding month. The fall was attributable to the declines in both Central Bank and deposit banks' holdings. In the first nine months of the year, foreign assets

(net) of the banking system fell by ₦103.9 billion or 7.5 per cent.

Quasi-money fell by ₦69.6 billion or

the levels in the preceding month and end-December 2002, respectively. The development during the month was traceable to the 2.0 per cent decline in currency

**Figure 2: Aggregate Domestic Credit To The Economy (Monthly & Cumulative Growth Rate )**



8.8 per cent to ₦717.0 billion, compared with the decline of ₦34.7 billion or 4.2 per cent in the preceding month. The fall reflected the declines in time, savings and foreign currency deposits of the banks. Quasi-money, however, increased by ₦63.8 billion or 9.8 per cent in the first nine months of the year.

Other assets (net) of the banking system increased sharply by ₦212.2 billion or 17.6 per cent, as against the decline of ₦40.4 billion or 3.5 per cent recorded in the previous month. The increase was traceable to the fall in unclassified liabilities of both the Central Bank and the deposit money banks.

## 2.2 Currency-in-circulation and Deposits at CBN

At ₦434.6 billion, currency in circulation fell by ₦5.1 billion or 1.2 per cent and ₦28.6 billion or 6.2 per cent from

outside the banking system. This was, however, moderated by a 3.7 per cent rise in vault cash during the month.

Total deposits at the CBN in September, 2003 amounted to ₦741.3 billion, indicating an increase of ₦181.2 billion or 32.4 per cent over the level in the preceding month, but a decline of ₦14.1 billion or 1.9 per cent from the level at end-December 2002. The rise during the review month was attributable to the increase of 3.2, 13.0 and 93.8 percent in deposits by Federal Government, bankers and “others”, respectively, during the review month. The shares of the Federal Government, bankers and “others” in total deposits at the CBN during the month were 30.1, 28.0 and 41.9 per cent, respectively, compared with 38.6, 32.8 and 28.6 per cent in August 2003.

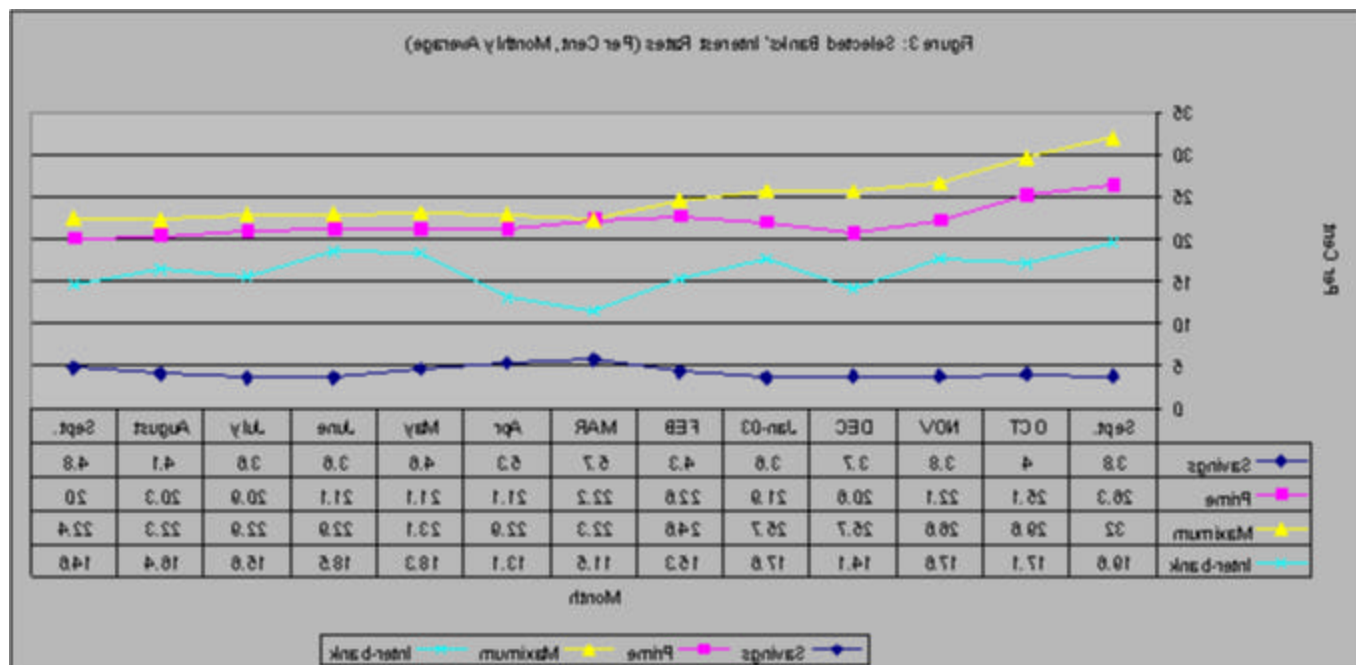
## 2.3 Interest Rate Developments

Available data indicated mixed developments in banks' interest rates during the month. With the exception of the average savings deposit rate, which rose by 0.7 percentage point to 4.8 per cent, all other rates on deposits of various maturities declined from the range of 9.4-15.9 in

overhang in the banking system during the period.

## 2.4 Money Market Developments

Available data indicated that the value of money market assets outstanding as at end-September 2003 fell by ₦15.7 billion or 1.9 per cent to ₦824.1 billion, in contrast to an



August, to 9.4 – 15.5 per cent in September, 2003. Similarly, banks' average prime lending rate fell by 0.3 percentage point to 20.0 per cent, while the average maximum lending rate rose by 0.1 percentage point to 22.4 per cent. The spread between banks' weighted average deposit and maximum lending rates widened to 9.0 percentage points from 8.7 percentage points in the preceding month, while the margin between the average savings deposit and maximum lending rates stood at 17.6 percentage points.

The average inter-bank call rate declined further to 14.6 per cent in September from 16.4 per cent in August 2003, reflecting the impact of liquidity

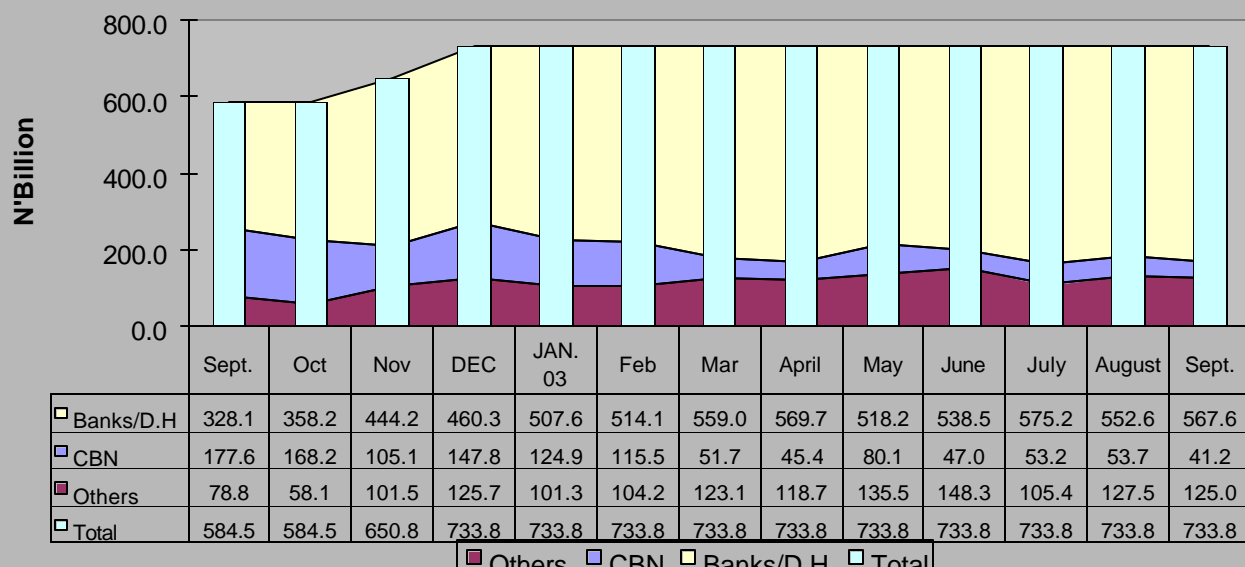
increase of ₦33.6 billion or 4.2 per cent in the preceding month. The fall reflected entirely the decline of 5.2 per cent in commercial papers (CPs) during the month. The levels of Bankers Acceptances (BAs) and Eligible Development Stocks (EDS), however, increased by ₦1.8 billion or 5.0 per cent and ₦0.1 billion or 3.8 per cent, respectively, while treasury bills outstanding remained unchanged at the preceding month's level of ₦733.8 billion.

Treasury bills worth ₦290.6 billion were issued in September 2003 to replace matured bills of the same value, compared with ₦144.1 billion issued in August, 2003. Analysis of the total amount rolled over during the month showed that deposit

money banks (DMBs) and discount houses together subscribed ₦171.6 billion, constituting 59.1 per cent of the total, while “other” investors subscribed ₦82.7 billion, representing 28.5 of the total. The balance of ₦36.3 billion or 12.5 per cent was

Analysis of the transactions showed that trading in equities dominated the market, while the banking sub-sector remained the most active in turnover terms, followed by the insurance and the

**Figure 4: Treasury Bills Holdings (N'Billion)**



absorbed by the CBN, during the month.

A breakdown of the outstanding treasury bill holdings indicated that holdings by deposit money banks and discount houses together accounted for ₦567.6 billion or 77.4 per cent, while holdings by “other” investors amounted to ₦125.0 billion or 17.0 per cent, compared with ₦127.5 billion in the preceding month.

## 2.5 Capital Market Developments

Transactions on the Nigerian Stock Exchange (NSE) in September 2003 showed improved performance as all the major market indicators increased. The volume and value of transactions rose by 27.3 and 19.8 per cent to 1.4 billion shares and ₦10.3 billion, respectively, during the month under review.

conglomerates sectors. The ₦150.0 billion bonds launched by the Federal Government in August 2003 was floated during the month under review, while dealings in industrial stock remained dormant. Market capitalization and value index also recorded increases of 19.0 and 7.0 per cent over their levels in the preceding month to ₦1,130.7 billion and 16,500.5 (1984=100), respectively, reflecting the price gains recorded by some of the highly capitalized companies listed on the exchange.

## 2.6 Deposit Money Banks' Activities

Total assets/liabilities of deposit money banks (DMBs) amounted to ₦2,756.2 billion in September, 2003, representing a decline of ₦218.2 billion or 7.3 per cent from the preceding month's level but an increase of ₦50.4 billion or 1.9

per cent over the level at end-December 2002. Funds were sourced mainly from money market instruments and credit from Central Bank, while the major uses of funds included settlement of time, saving, demand and foreign currency deposit obligations, among others.

Aggregate credit to the domestic economy by DMBs amounted to ₦1,409.7 billion, indicating a decline of ₦86.8 billion or 5.8 per cent below the level recorded in the preceding month but an increase of ₦107.5 billion or 8.3 per cent over the level at end-December 2002. A breakdown showed that net credits to the Federal Government, the state and local governments as well as the private sector declined by 7.9, 34.7 and 4.4 per cent, respectively, from the preceding month's levels.

Central Bank's credit to the banks amounted to ₦37.4 billion, representing an increase of ₦1.4 billion or 3.9 per cent and ₦15.3 billion or 68.9 per cent over the preceding month's level and the level at end-December 2002, respectively. The increase reflected largely the rise in overdraft facilities granted to the banks during the period.

Total specified liquid assets of deposit money banks stood at ₦743.7 billion or 50.8 per cent of their total deposit liabilities. This level of assets was 1.4 percentage points above the preceding month's level, and 10.8 percentage points above the stipulated minimum of 40.0 per cent for fiscal 2003.

## **2.7 Discount Houses**

Total assets/liabilities of discount houses amounted to ₦55.5 billion in September 2003, indicating an increase of

₦4.5 billion or 8.9 per cent over the preceding month's level, but a decline of ₦1.7 billion or 2.9 per cent below the level at end-December 2002.

Discount houses' investments in Federal Government securities of 91 days maturity or less, stood at ₦28.8 billion, representing 73.5 per cent of their total deposit liabilities. This was 8.0 percentage points below the level in the preceding month, but 13.5 percentage points above the prescribed minimum of 60.0 per cent for fiscal 2003.

Total borrowings by discount houses amounted to ₦14.8 billion, while capital and reserves was ₦7.7 billion, resulting in a gearing ratio of 2: 1, compared with the stipulated maximum target of 50:1 for fiscal 2003.

## **3.0 DOMESTIC ECONOMIC CONDITIONS**

The dominant agricultural activities during the month included harvesting of root and tuber crops such as yam, sweet and Irish potatoes and groundnut; planting of late crops as well as preparation of land and nurseries for tomatoes, pepper, carrots, cabbage and other vegetables in various parts of the country. Crude oil output fell from the preceding month's level, while estimated inflationary pressure showed further moderation.

### **3.1 Agricultural Sector**

Agricultural activities in September 2003, centered on harvesting of various root and tuber crops as well as planting of late crops in the southern states, while in the northern states, farmers were engaged in the preparation of land and nurseries for legumes and vegetables. In the livestock

sub-sector, farmers intensified the production of poultry products to take advantage of the ban on the importation of frozen chicken.

The prices of Nigeria's major agricultural commodities at the London Commodity Market rose during the month. At 96.5 (1985=100), the all-commodities price index, in dollar terms, increased by 7.8 per cent over the level in the preceding month but declined by 6.7 per cent below the level recorded in the corresponding period of 2002, respectively. In naira terms, the index, at 8,485.70 (1985=100), also rose by 8.0 per cent over the level in August but declined by 26.5 per cent below the level in the corresponding month of 2002.

All the six commodities monitored during the month, namely cocoa, coffee, copra, cotton, palm oil and soya bean recorded price increases ranging from 0.4 per cent for copra to 8.1 per cent for cocoa, in dollar terms, over their levels in the preceding month. When compared with their levels a year earlier, four of the commodities namely, copra, cotton, palm oil and soya bean recorded price increases of 8.8, 28.2, 2.9 and 12.6 per cent, respectively.

In naira terms, cocoa, coffee, copra and palm oil recorded price increases of 8.4, 5.0, 0.9 and 7.9 per cent, respectively, over their levels in August, 2003, while cotton and soya bean recorded price declines of 25.4 and 7.7 per cent, respectively. However, when compared with their levels in the corresponding month of 2002, all the commodities recorded varying degrees of price declines, ranging from 8.2 per cent for soya bean to 31.6 per cent for cocoa.

### 3.2 Industrial Production

Activities in the industrial sector during the third quarter of 2003 indicated an improvement over the level in the preceding quarter. At 146.8 (1985=100), the estimated index of industrial production rose by 1.3 and 1.5 per cent over the levels recorded in the preceding quarter and corresponding quarter of 2002, respectively. The rise in the review quarter reflected the increase of 0.1 per cent each in manufacturing and mining sub-sectors. Electricity consumption, however, declined by 0.1 per cent during the period.

The estimated index of manufacturing production, at 146.0 (1985=100), rose by 0.1 per cent over the level in the preceding quarter, but declined by 0.3 per cent from the level recorded in the corresponding quarter of 2002. The rise during the review quarter was accounted for by the increase recorded by 9 sub-groups in the sub-sector namely: beer and stout; sugar confectionary; refined petroleum; roofing sheet; footwear; cement; paints; soft drinks and radio & television over the preceding quarter's levels, ranging from 0.1 per cent for cement to 3.2 per cent for radio and television. Synthetic fabrics; and soap detergent, however, remained unchanged at the preceding quarter's level.

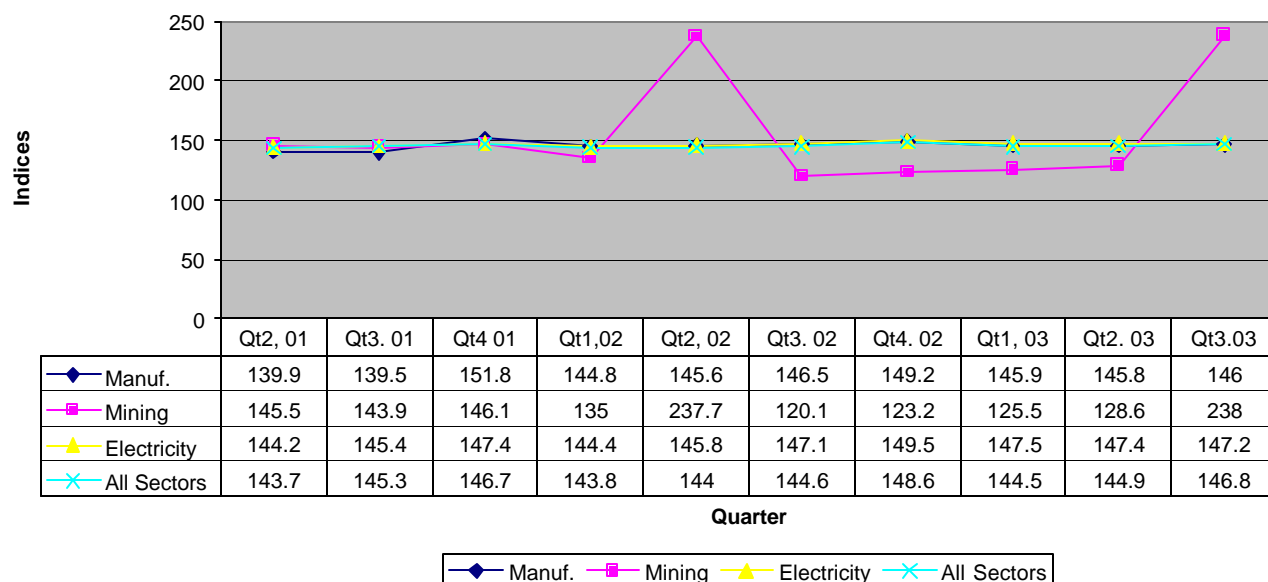
The index of mining production at 238.0 (1985=100) rose by 0.1 per cent over the preceding quarter's level and the level in the corresponding quarter of 2002. The rise was attributable to the petroleum, gas, cassiterite and limestone components, which rose by 2.5, 2.0, 1.2 and 0.5 percent, respectively, over the preceding quarter's levels. The rise was, however, moderated by the decline of 2.2 and 0.4 per cent in the

production of columbite and coal, respectively.

At 2,241,947.0 Kwh, estimated aggregate electricity consumption remained

level. The fall in output was attributable to the disturbances in the Niger Delta area, which led to the shut down of some production facilities. The share of the country's production in total OPEC's output was 7.3

**Figure 5: Index of Industrial Production (1985 =100)**



unchanged at the preceding quarter's level but increased by 0.2 per cent over the level in the corresponding quarter of 2002. Of the total consumption in the review quarter, residential consumption accounted for 54.4 per cent, while commercial and streetlight as well as industrial consumption accounted for 26.8 and 21.8 per cent, respectively. The rise in consumption relative to the corresponding quarter was attributable to the improvement in generation, transmission and distribution in the sub-sector.

### 3.3 Petroleum Sector

Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at 2.20 million barrels per day (mbd) or 66.0 million barrels for the month, indicating a decline of 0.11 mbd or 4.8 per cent from the preceding month's

per cent, compared with 7.5 per cent in the preceding month. Following the fall in the level of production, crude oil exports were estimated at 1.75 million barrels per day (mbd) or 52.50 million barrels for the month, showing a decline of 5.9 per cent from the level in August 2003. Deliveries of crude oil to refineries for domestic consumption remained at 0.45 mbd or 13.50 million barrels per month.

Crude oil prices recorded declines from the levels in the preceding month, following the high quantity of world oil supply as well as the decline in demand for gasoline. At \$27.49 a barrel in the spot market, the average price of Nigeria's reference crude, Bonny Light (37°API), fell by 8.5 per cent from its level in August, 2003. Similarly, the average prices of other competing brands of crude, namely the UK

Brent, Arab Light and West Texas Intermediate (WTI) declined to \$27.09, \$23.89 and \$28.37 a barrel, from \$29.91, \$27.50 and \$31.51 a barrel, in the preceding month, respectively. In the European net-back market, the Bonny Light was sold for \$32.91 a barrel, showing a decline of 12.4 per cent from the average price in August, 2003, while the U.K. Brent and the WTI were sold for \$32.11 and \$32.69 a barrel, respectively, as against \$36.54 and \$37.29 a barrel in the preceding month.

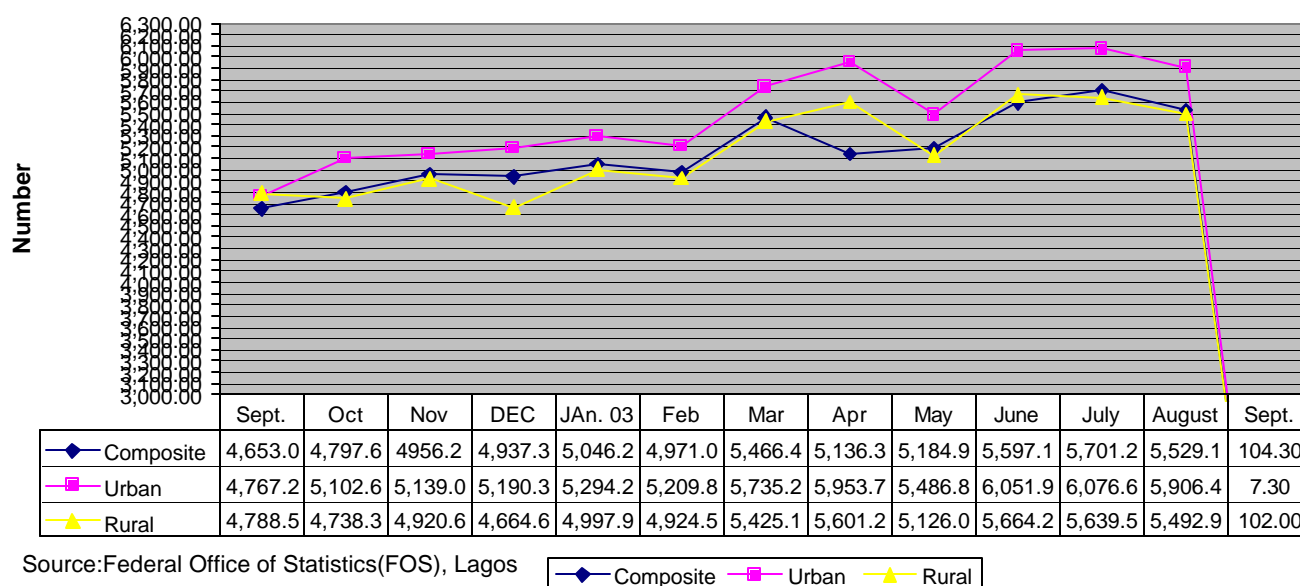
### 3.4 Consumer Prices

Data from the Federal Office of Statistics (FOS) indicated that the all-items Composite Consumer Price Index (CPI) for September 2003 was estimated at 104.3 (2003=100). This represented a decline of 2.2 per cent from the preceding month's level, but an increase of 11.3 per cent over

hotels; and miscellaneous goods and services by 0.2, 0.4, 0.5, 2.2, 0.6 and 0.9 percent, respectively. The indices of food and non-alcoholic beverages; alcoholic beverages, tobacco and kola; transport; communication; recreation and culture; and education, however, increased by 0.4, 0.9, 1.5, 0.6, 0.3 and 2.5 per cent, respectively. When compared with their levels in the corresponding month a year earlier, all the components recorded price increases except education and communication whose indices recorded declines of 0.3 and 14.2 per cent, respectively.

The Urban All Items CPI was estimated at 107.3 (2003=100), in September 2003, showing declines of 2.4 per cent from the level in the preceding month but an increase of 14.8 per cent over the corresponding period of 2002. Similarly, the rural all items CPI, which was estimated at 102.0

Figure 6 : Monthly Consumer Price Indices in Nigeria (1985 = 100)



the level in the corresponding period of 2002. The development was attributable to the fall in the indices of food; clothing and footwear; furnishings, household equipment and maintenance; health; restaurant and

(2003=100), indicated a decline of 2.5 per

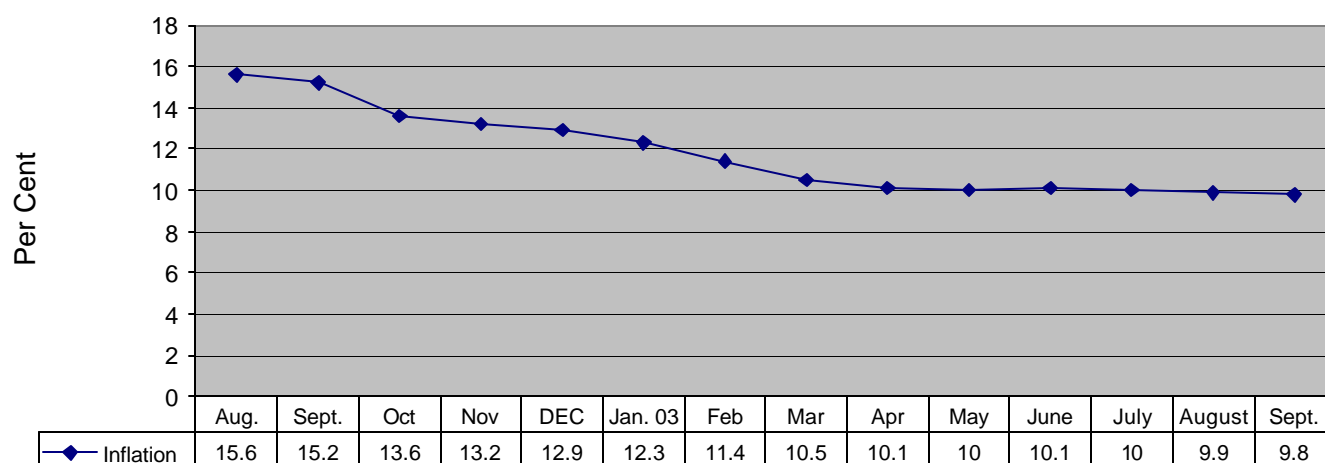
cent from the level in the preceding month, but showed an increase of 9.2 percent over the level in the corresponding period of 2002.

Available information based on the retail price surveys in some locations within Lagos area as well as Bauchi, Enugu, Ibadan and Kano zones indicated an increase in the all-items average price of consumer items in September, 2003 OF 1.42 per cent,

level, while Enugu zone recorded a price decline of 2.75 per cent.

The inflation rate for the twelve-month period ended September 2003 was estimated at 9.8 per cent, down from 9.9 and 15.2 per cent recorded in the preceding month and corresponding month of 2002, respectively. The observed moderation in the general price level reflected largely the dampening effect of good harvests on food

Figure 7: Inflation Rate in Nigeria (Per Cent, Monthly)



Source: Federal Office of Statistics (FOS), Lagos

compared with 1.74 per cent increase recorded in the preceding month. The rise during the month was traceable to the increases in the indices of meat, fish and eggs; oil and fat; beverages and drinks; clothing and fabrics; fuel and light; medical as well as building materials by 0.08, 0.67, 4.72, 2.75, 0.91, 1.62 and 1.25 per cent, respectively, while the indices of staples; vegetable, fruits and nuts recorded declines of 1.20 and 2.82 per cent, respectively. Price increase of 1.69, 2.70, 1.0 and 3.47 per cent was reported in Bauchi zone, Ibadan zone, Kano zone and Lagos area, respectively, over the preceding month's

prices.

## 4.0 EXTERNAL SECTOR DEVELOPMENTS

### 4.1 Foreign Exchange Flows

Foreign exchange inflow and outflow through the Central Bank of Nigeria (CBN) in September, 2003, amounted to \$1,173.1 million and \$1,769.4 million, respectively, indicating a net outflow of \$596.3 million. Compared with their levels of \$1,497.1 million and \$1,525.5 million recorded in August, 2003, inflow declined by 21.6 per cent, while outflow increased by

16.0 per cent. At \$11,133.4 million and \$12,349.3 million, cumulative inflows and outflows through the CBN from January to September 2003 were 63.4 and 24.8 per cent higher than their respective levels in the corresponding period of 2002.

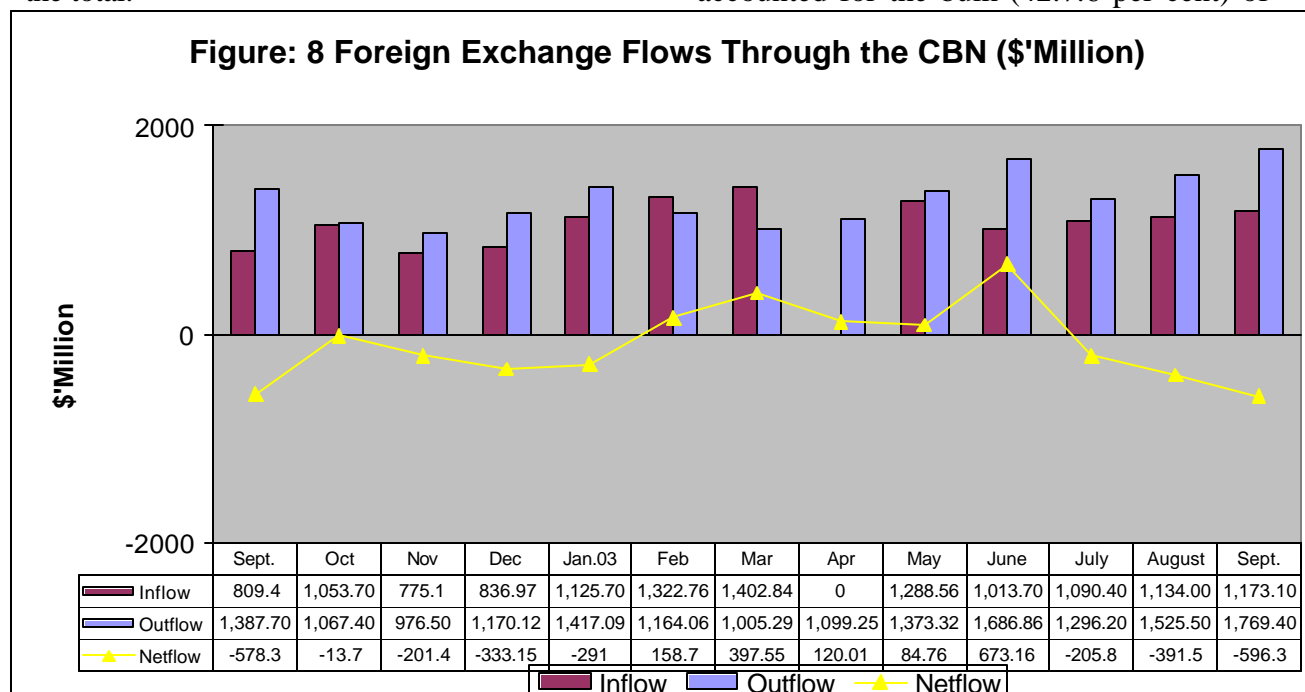
Provisional data on foreign exchange flows through the economy indicated that total inflow declined by 18.7 per cent to \$1,701.3 million in September 2003, over the level in the preceding month. Of the total inflow, oil receipts amounted to ₦733.3 million or 43.1 per cent, while non-oil public sector receipts amounted to \$439.9 million, representing 25.9 per cent of the total. Inflow through autonomous sources stood at \$528.2 million or 31.0 per cent of the total.

\$458.2 million. This was however, moderated by declines in funding of the foreign exchange market, National Priority Projects, Other Official Payments and outflows through autonomous sources by 4.3, 72.6, 22.0 and 50.4 per cent, respectively, during the month. The cumulative inflow and outflow through the economy during the nine-month period amounted to \$15,886.8 million and \$13,045.2 million, respectively, compared with \$10,695.1 million and \$10,388.5 million in the corresponding period of 2002.

#### 4.2 Sectoral Utilisation of Foreign Exchange

As in the past, the industrial sector accounted for the bulk (42.7.6 per cent) of

**Figure: 8 Foreign Exchange Flows Through the CBN (\$'Million)**



At \$1,843.1 million, foreign exchange outflow from the economy indicated an increase of 10.1 per cent from the level in August, 2003, following the sharp rise in disbursements in respect of external debt service payment which rose from \$11.3 million in August 2003 to

total foreign exchange disbursed in September 2003, followed by general merchandise (26.6 per cent). Other beneficiary sectors, in descending order of importance, included: invisibles, transportation, and agricultural products and food (Fig 9).

### 4.3 Foreign Exchange Market Developments

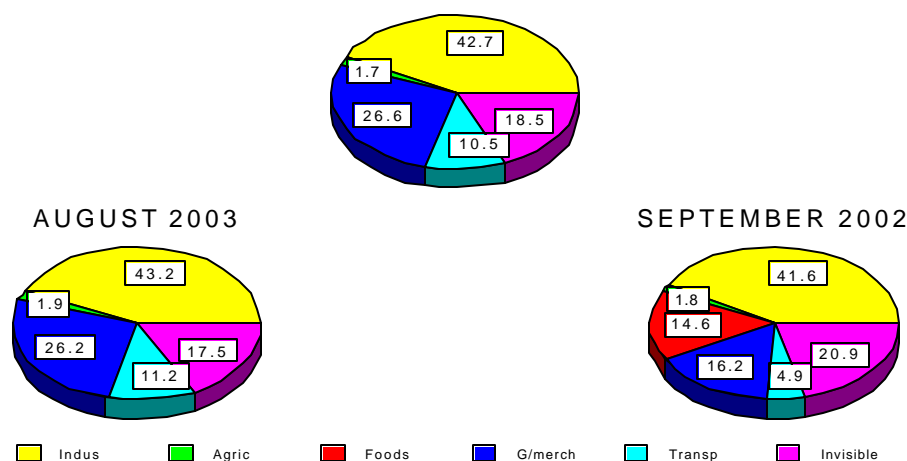
The demand pressure in the foreign exchange market (FEM) remained high in September, 2003, as a total of \$876.1 million was sold to end users through the authorized dealers, compared with \$915.7 million in the preceding month. The weighted average exchange rate of the naira vis-à-vis the US dollar depreciated marginally by 0.5 per cent from ₦128.28 per dollar in August 2003 to ₦128.95 per dollar

could finance about 5.2 months of imports, compared with 5.6 months in the preceding month.

### 5.0 OTHER INTERNATIONAL ECONOMIC DEVELOPMENTS

World crude oil output, at 78.6 mbd in September 2003, rose by 0.50 mbd or 0.6 per cent over the preceding month's level of 78.11 mbd, while estimated demand exceeded supply by 0.30 mbd, compared with an excess demand of 0.6 mbd recorded

Figure 9: Sectoral Utilization of Foreign Exchange (percentage of total)  
SEPTEMBER 2003



in September. Similarly, the rates in the parallel market and the bureaux de change depreciated from ₦141.69 and ₦142.26 per dollar to ₦142.70 and ₦143.34 per dollar, respectively, during the same period. Overall, the premium between the official and parallel market rates stood at 10.9 percentage points in September, compared with 10.6 per cent in August, 2003.

### 4.4 External Reserves

Nigeria's gross external reserves, at end-September, 2003 amounted to \$7,121.2 million, indicating a decline of 3.8 per cent from the preceding month's level. At current foreign exchange commitments, the reserves

in August.

Other major international economic developments of relevance to the domestic economy during the month included: the annual meetings of the boards of Governors of the International Monetary Fund (IMF) and the World Bank Group, the G-24 Ministers and the Commonwealth Ministers of Finance held in Dubai, United Arab Emirates (UAE), 20-24 September, 2003 against a background of promising signs of an upturn in the global economy, especially in major industrial countries of Europe and North America, as well as in some countries in Asia, Latin America and Africa.

In another development, the Third Tokyo International Conference on African Development (TICAD) was held in Tokyo, Japan, from 29<sup>th</sup> September to 1<sup>st</sup> October, 2003 and this marked a decade since the Japanese Government, in collaboration with the United Nations and the Global Coalition for Africa, launched its effort to encourage international partnership for Africa's development. Twenty African leaders including Nigerian and South African presidents were in attendance. The African leaders at the meeting adopted the following proposals:

- ◆ The establishment of New Partnership for Africa's Development (NEPAD) and its pursuit of TICAD process as a pivotal initiative in addressing the challenges of African development;
- ◆ NEPAD as the anchor in realizing the "African Vision" of employing its abundant natural and human resources for sustainable development; and
- ◆ Derivation of the benefits of trade, industry and investment through the integration of Africa into the global economy.

Finally, a meeting of experts on trade finance and transport was convened by the United Nations Conference on Trade and Development (UNCTAD) at Geneva, Switzerland, to discuss the problems of developing countries in the area of multimodal transport and logistics services with a view to finding appropriate solutions.