

CENTRAL BANK OF NIGERIA



MONTHLY REPORT

APRIL 2004

RESEARCH DEPARTMENT

ECONOMIC REPORT FOR THE MONTH OF APRIL 2004

1.0 SUMMARY

Provisional data indicated that broad money stock (M_2) and narrow money supply (M_1) recorded declines of 0.9 and 2.1 per cent in April 2004 from the levels in the preceding month. The fall in the review month was attributable to declines in foreign and other assets (net) of the banking system. Aggregate banking system's credit to the domestic economy, however, rose by 2.4 per cent during the month, compared with the increase of 0.4 per cent in the preceding month. During the first four months of the year, M_2 grew by 6.0 per cent, while M_1 recorded a decline of 3.9 per cent.

Banks' interest rates recorded general increase during the month. The spread between the banks' weighted average deposit and maximum lending rates remained unchanged at 10.8 percentage points, as in the preceding month, while the margin between the average savings deposit and maximum lending rates widened marginally to 15.5 percentage points from 15.4 per cent in the preceding month. The average inter-bank call rate, which stood at 14.6 per cent in March 2004, rose to 16.0 per cent in April, reflecting the tight liquidity condition in the inter-bank funds market.

The value of money market assets outstanding rose marginally by 0.2 per cent to ₦919.9 billion in April 2004, in contrast to the decline of 0.9 per cent in the preceding month. Treasury bills worth ₦325.0 billion were issued in April 2004 to replace matured bills of the same value, compared with ₦382 billion in the preceding month. Activities on the Nigerian Stock Exchange (NSE) indicated improved

performance, compared with the preceding month as the major indicators increased during the review month.

The major agricultural activities during the month included land preparation for transplanting of tree crops, cereal and vegetable, fertilizer application, and sale of old layers. The price index of Nigeria's major agricultural commodities at the London Commodity Market, in dollar terms, declined by 2.0 and 29.5 per cent from the levels in the preceding month and the corresponding period of 2003, respectively. The inflation rate in April 2004 was estimated at 18.6 per cent, up from 17.8 per cent recorded in the preceding month.

Estimated crude oil output, including condensates and natural gas, was 2.63 million barrels per day (mbd) or 78.90 million barrels for the month, indicating a decline of 4.0 per cent from the preceding month's level. Crude oil exports were estimated at 2.18 mbd or 65.40 million barrels for the month, compared with 2.20 mbd in the preceding month. Deliveries of crude oil to refineries for domestic consumption, however, remained at 0.45 million barrels per day and was 13.5 million barrels for the month. The average price of Nigeria's reference crude, the Bonny Light (37°API), was US\$34.40 a barrel, reflecting an increase of 0.8 per cent over the preceding month's level.

Available data on foreign exchange flows through the Central Bank of Nigeria (CBN) showed an inflow of US\$1,550.17 million and an outflow of US\$1,513.57 million, resulting in a net inflow of US\$36.6 million during the month. Foreign exchange

sales to authorized dealers by CBN amounted to US\$790.85 million, compared with US\$640.93 million in March 2004. The weighted average exchange rate of the Naira vis-à-vis the US dollar appreciated by 0.7 per cent from ₦134.67 per dollar in March 2004 to ₦133.67 per dollar in April. Similarly, in the bureaux de change segment of the market, the rate appreciated from ₦139.92 per dollar in March 2004 to ₦138.85 per dollar in April. Nigeria's gross external reserves increased by 3.2 per cent to US\$9,993.76 million as at end-April, 2004.

On the international scene, world crude oil demand of 79.30 million barrels per day (mbd) was in excess of output by 0.24 mbd. Other major international economic developments of relevance to the domestic economy during the month included: the Spring Meetings of the Boards of Governors of the International Monetary Fund (IMF)/The World Bank Group, and the G-24 Ministers, held at Washington DC. USA. in April 2004. In a related development, the Technical Committee of the Association of African Central Banks (AACB) met in Douala, Cameroon in April 2004 to review the African Monetary Cooperation Programme (AMCP) and prepare a draft programme for the 28th Meeting of the Assembly of Governors. Furthermore, the Executive Board of the IMF appointed a new Managing Director of International Monetary Fund (IMF) in the person of Dr. Rodrigo Rato in April for a five-year term. Finally, a retreat on the Nigeria-South Africa Bi-National Commission (BNC) was held by the Office of the Vice President of the Republic of Nigeria for desk officers of the Federal Ministries and Agencies in Kaduna from 22nd -23rd April, 2004 to review the strategies for enhancing the implementation of BNC projects; modalities for private sector participation; and streamlining of the BNC within National

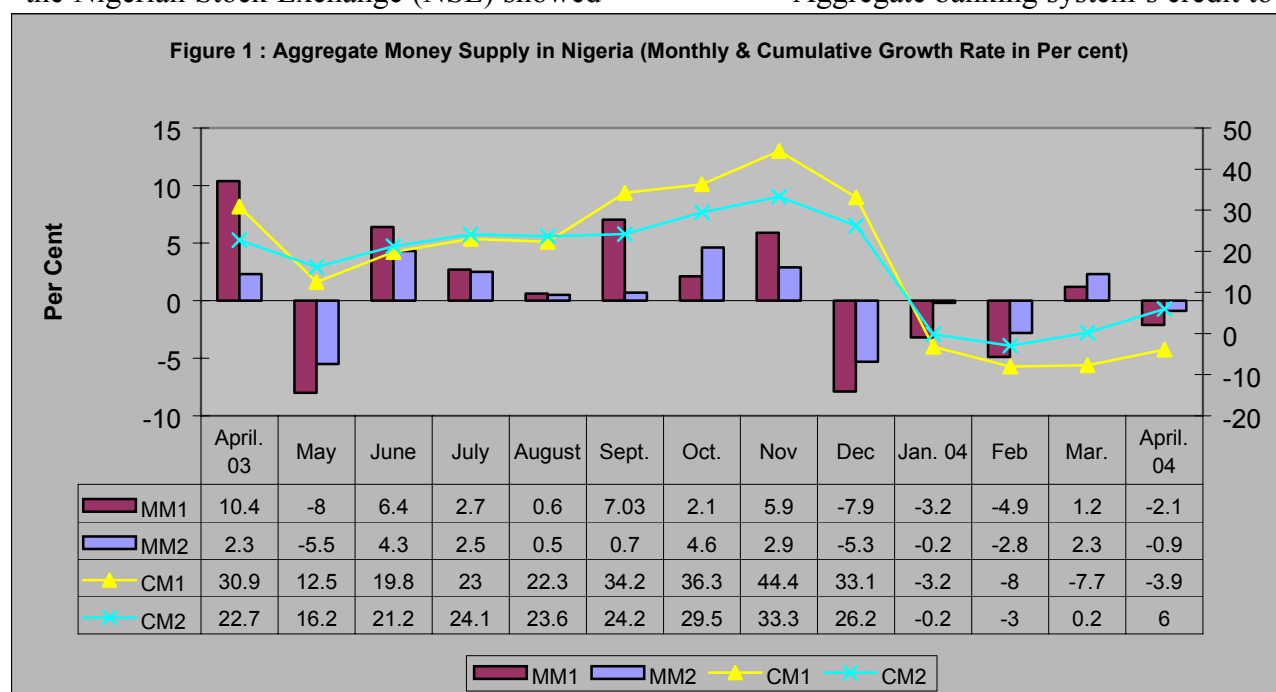
Economic Empowerment and Development Strategy (NEEDS) - the policy reform package of the Federal Government.

2.0 FINANCIAL SECTOR DEVELOPMENTS

Monetary aggregates indicated declines in April 2004, while banks' interest rates showed general increases. Money market activities rose marginally during the month, following the increases in Bankers' Acceptances (BAs) and Eligible Development Stocks (EDS). Transactions on the Nigerian Stock Exchange (NSE) showed

in the preceding month. The development was attributable to the 1.2 per cent and 3.1 per cent declines in foreign and other assets (net) of the banking system, respectively. In the first four months of the year, M_2 rose by 6.0 per cent, implying an annualized growth rate of 18.0 per cent, compared with the programmed target of 16.0 per cent for fiscal 2004. M_1 , however, declined by 3.9 per cent, during the same period.

Aggregate banking system's credit to



improved performance as the major indicators increased during the month.

2.1 Monetary and Credit Developments

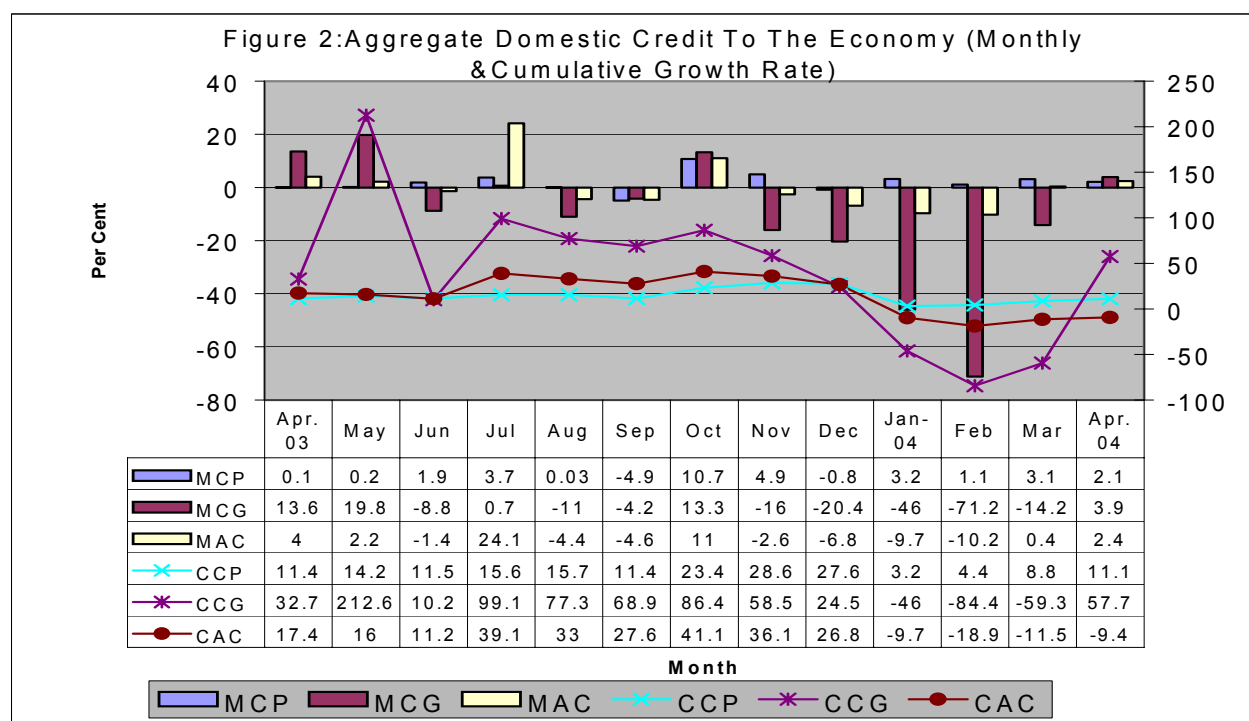
Broad money supply (M_2) declined by N18.3 billion or 0.9 per cent to N2,104.2 billion, in contrast to an increase of N47.7 billion or 2.3 per cent in the preceding month. Narrow money supply (M_1) also fell by N25.4 billion or 2.1 per cent to N1,177.3 billion in the review month, in contrast to the increase of N14.7 billion or 1.2 per cent

the domestic economy increased by N38.7 billion or 2.4 per cent to N1, 680.3 billion, compared with an increase of N5.9 billion or 0.4 per cent in the preceding month, reflecting the increases in credit to both the Federal Government and the private sector during the review month.

Banking system's credit to the Federal Government rose by N8.8 billion or 3.9 per cent to N233.7 billion, as against the decline of N37.2 billion or 14.2 per cent in the preceding month. The rise reflected the increase in CBN's net claims on Federal

Government, following the substantial decline in Federal Government deposit with the Bank during the month, reinforced by

Quasi-money rose by ₦7.1 billion or 0.8 per cent to ₦926.8 billion, compared with



the rise in the Bank's holding of treasury bills.

Banking system's credit to the private sector also rose by ₦29.9 billion or 2.1 per cent to ₦1,446.5 billion, compared with the increase of ₦43.1 billion or 3.1 per cent in the preceding month. The rise reflected wholly the increase of ₦30.9 billion or 2.2 per cent in DMBs' claims on the sector during the month. In the first four months of the year, credit to the private sector rose by 11.1 per cent, compared with the programme target of 22.0 per cent set for fiscal 2004.

At ₦1, 657.6 billion, foreign assets (net) of the banking system fell by ₦19.8 billion or 1.2 per cent, in contrast to an increase of ₦27.5 billion or 1.7 per cent in the preceding month. The fall in the month under review was attributable to the 8.6 per cent decline in the DMBs' holding.

the increases of ₦33.0 billion or 3.7 per cent and ₦11.0 billion or 1.4 per cent recorded in the preceding month and the corresponding period of 2003, respectively.

Other Assets (net) of the banking system fell by ₦37.2 billion or 3.1 per cent in the review month, as against the increase of ₦14.3 billion or 1.2 per cent in the preceding month. The fall was traceable to the rise in the unclassified liabilities of the Central Bank during the month.

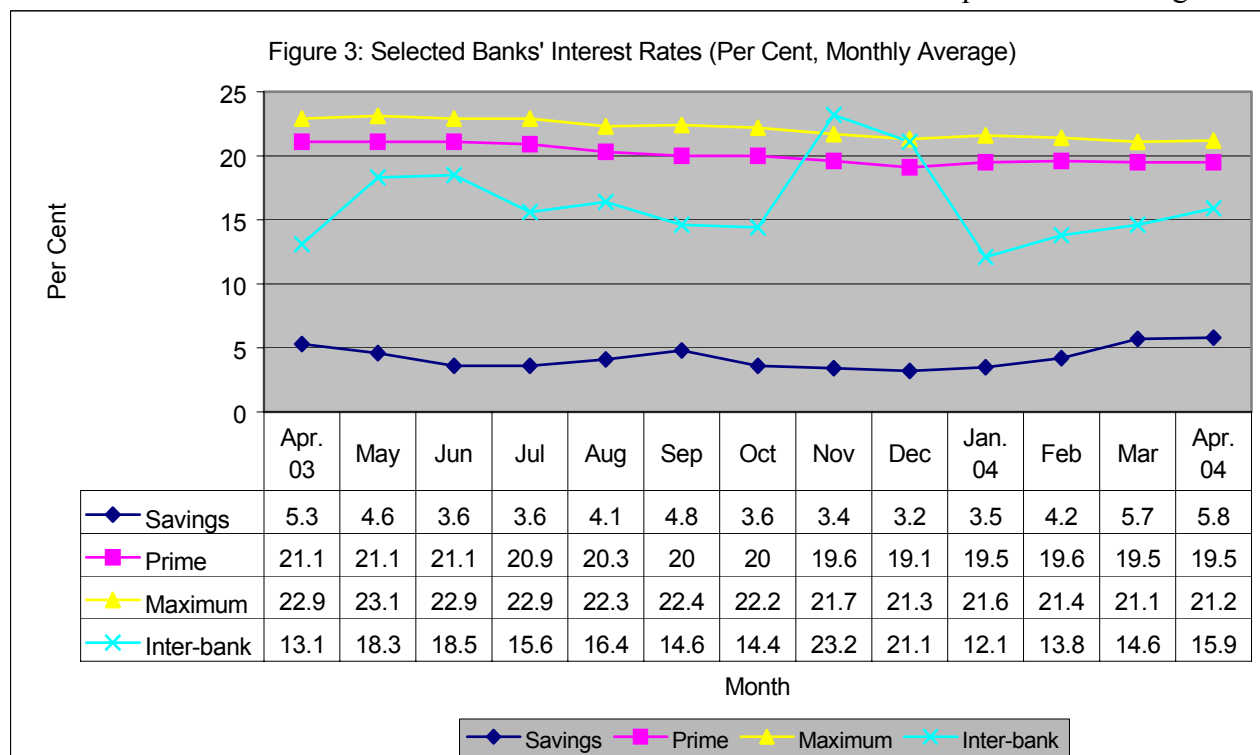
2.2 Currency-in-circulation and Deposits at the CBN

At ₦460.6 billion, currency in circulation in April 2004 declined by ₦5.9 billion or 1.3 per cent and ₦41.7 billion or 8.3 per cent from the levels in the preceding month and end-December 2003, respectively. The fall during the review month was traceable to vault cash, which

declined by ₦6.4 billion or 7.8 per cent. Currency held outside the banking system, however, rose by ₦0.4 billion or 0.1 per cent during the month.

2.3 Interest Rate Developments

Available data indicated a general increase in banks' deposit and lending rates

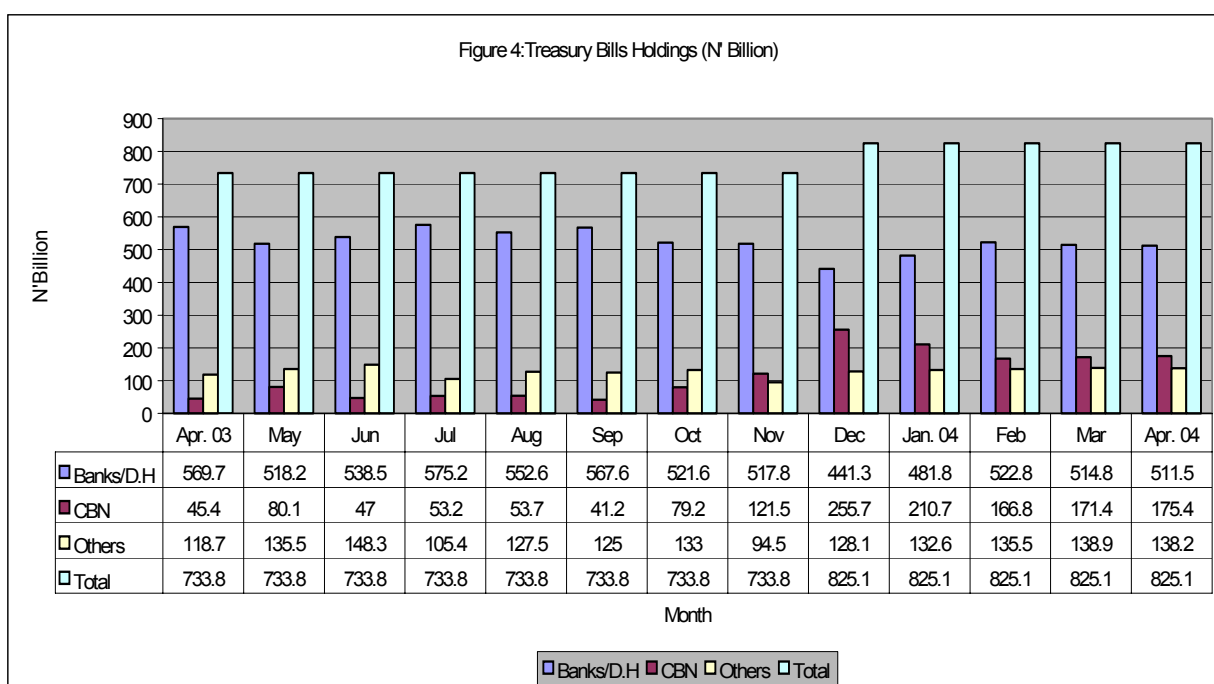


Total deposits at the CBN amounted to ₦899.3 billion, indicating increases of ₦24.0 billion or 2.7 per cent and ₦178.4 billion or 24.7 per cent over the levels in the preceding month and end-December 2003, respectively. The development during the month was traceable to the increases of ₦17.7 billion or 10.5 per cent and ₦17.8 billion or 17.5 per cent in the deposits of the deposit money banks and private sector, respectively. Federal Government deposits, on the other hand, fell by ₦11.5 billion or 1.9 per cent during the month. The shares of the three components in total deposits at the CBN, namely, Federal Government, bankers and 'others' were 66.0, 20.7 and 13.3 per cent, respectively, compared with 69.1, 19.3 and 11.6 per cent, in March, 2004.

in April 2004. The average savings deposit rate rose marginally by 0.1 percentage point to 5.8 per cent, while all other rates on deposits of various maturities rose from a range of 8.16 – 13.35 per cent in March to 8.20 – 13.45 per cent in April 2004. The average prime lending rate, however, remained unchanged at the preceding month's level of 19.5 per cent, the maximum lending rate rose marginally by 0.1 percentage point to 21.20 per cent during the review month. Consequently, the margin between the average savings deposit and maximum lending rates widened marginally to 15.5 percentage points from 15.4 percentage points in the preceding month, while the spread between the weighted average deposits and maximum lending rates remained unchanged at the preceding month's level of 10.8 percentage points.

The weighted average inter-bank call rate, which was 14.6 per cent in March 2004, rose to 15.85 per cent in April, reflecting the tight liquidity condition in the inter-bank funds market (fig. 3).

matured bills of equivalent value, compared with ₦382.0 billion issued in the preceding month. Of the total amount issued, deposit money banks (DMBs) and discount houses jointly took up ₦153.5 billion or 47.2 per cent of the total, while “other” investors subscribed for ₦72.1 billion or 22.2 per cent



2.4 Money Market Developments

The value of money market assets outstanding as at end-April 2004 rose by ₦2.10 billion or 0.2 per cent to ₦919.9 billion, as against the decline of ₦7.83 billion or 0.9 per cent in the preceding month. The rise was attributable to the 3.9 and 0.2 per cent increases in Bankers Acceptances (BAs) and Eligible Development Stocks (EDS), respectively, during the month. Treasury Bills outstanding, however, remained unchanged at the preceding month's level of ₦825.1 billion.

Treasury bills worth ₦325.0 billion were issued in April 2004 to replace

of the total. The balance of ₦99.4 billion, representing 30.6 per cent of the total was absorbed by the CBN.

Analysis of outstanding treasury bills holdings indicated that DMBs and discount houses together accounted for ₦511.5 billion or 62.0 per cent of the total, while holdings by “other” investors amounted to ₦138.20 billion or 16.8 per cent of the total. Consequently, Central Bank's holding rose from ₦171.4 billion in March 2004 to ₦175.4 billion, constituting 21.3 per cent of the total during the review month.

2.5 Capital Market Developments

Transactions on the Nigerian Stock Exchange as at end-April, 2004 indicated

improved performance as the major indicators increased during the month. At 1.4 billion shares, worth ₦27.3 billion, both volume and value of traded securities rose by 7.4 and 35.1 per cent from 1.3 billion shares valued at ₦16.5 billion in the preceding month. Most of the transactions were in equities with the banking sub-sector being the most active in the market as in the preceding month.

Some State Governments' redeemable bonds were floated during the month. These included: the 2nd Lagos State Floating Rates Redeemable Bond worth ₦350 million; 1.6 million units of the Delta State Floating Rate Bond worth ₦160.0 million; and 600,000 units of the first Ekiti State Floating Rate Redeemable Bond worth ₦57.1 million.

The market capitalization and value index also rose by 12.1 per cent each to close at ₦1.8 trillion and 26,120.1 (1984=100), respectively, during the review month, compared with ₦1.6 trillion and 23,294.4 (1984=100) in the preceding month. The development was attributable to the price gains recorded by most of the companies listed on the Exchange and the new listings during the month.

2.6 Deposit Money Banks' Activities

Total assets/liabilities of deposit money banks amounted to ₦3,276.4 billion in April 2004, representing a decline of ₦21.3 billion or 0.6 per cent from the level in the preceding month but an increase of ₦249.9 billion or 7.5 per cent over end-December 2003 level. Funds were sourced mainly from drawing down of foreign assets, while major uses of funds included credit expansion to the private sector as well as settlement of demand deposit obligations.

Aggregate credit to the domestic economy by deposit money banks amounted

to ₦1,873.4 billion, representing increases of ₦13.2 billion or 0.7 per cent and ₦282.2 billion or 17.7 per cent over the levels in the preceding month and end-December 2003, respectively. A breakdown showed that credit to the private sector rose by ₦30.9 billion or 2.2 per cent, while credit (net) to the Central Government declined by ₦17.7 billion or 3.9 per cent, compared with the preceding month's levels.

Central Bank's credit to deposit money banks rose by 9.4 per cent to ₦57.8 billion in April 2004. The increase was attributable to the rise in banks' loans and advances, following the conversion of a substantial portion of some banks' overdrawn facilities to long-term loans during the month. Consequently, the overdrawn position of the DMBs declined by 69.2 per cent to ₦12.3 billion in April 2004.

Total specified liquid assets of deposit money banks amounted to ₦823.8 billion, representing 47.1 per cent of their total deposit liabilities. The level was 1.2 percentage point below the preceding month's level, but 7.1 percentage points over the minimum target of 40.0 per cent for fiscal 2004.

2.7 Discount Houses

Total assets/liabilities of the discount houses amounted to ₦59.9 billion in April 2004, indicating declines of ₦1.6 billion or 2.5 per cent and ₦0.1 billion or 0.2 per cent from the levels in the preceding month and the corresponding month of 2003, respectively. Their investments in Federal Government securities of less than 91 days maturity amounted to ₦32.0 billion, representing 73.4 per cent of their total deposit liabilities. This was 12.8 and 13.4 percentage points higher than the levels in

the preceding month and the prescribed minimum of 60.0 per cent for fiscal 2004, respectively.

Total borrowings by discount houses stood at ₦23.5 billion, while their capital and reserves was ₦8.0 billion, resulting in a gearing ratio of 3:1, compared with the stipulated maximum target of 50:1 for the year.

3.0 DOMESTIC ECONOMIC CONDITIONS

The major agricultural activities during the month included land preparation for transplanting of tree crops, cereal and vegetable, fertilizer application, and sale of old layers.

Crude oil output declined by 4.0 per cent below the preceding month's level, while inflationary pressures intensified as estimated rate of inflation stood at 18.6 per cent, indicating an increase of 0.8 percentage points over the preceding month's level.

3.1 Agricultural Sector

The dominant agricultural activities during the month were land preparation for transplanting of tree crops from nurseries, planting of upland rice, maize and vegetables, application of fertilizers and harvesting of fruits. In the livestock sub-sector, farmers sold off broilers and old layers during the Easter festivities.

The prices of Nigeria's major agricultural commodities at the London Commodity Market exhibited a mixed trend during the month. The all-commodities price index, at 89.3 (1985=100), in dollar terms, fell by 2.0 and 29.5 per cent below its levels in the preceding month and the

corresponding month of 2003, respectively. In naira terms, the index, at 8537.73 (1985 = 100), also declined by 2.0 and 22.0 per cent below the levels in the preceding month and the corresponding period of 2003, respectively.

Of the six commodities monitored during the month, coffee and soya bean recorded price increases of 2.5 and 3.0 per cent, respectively, over their levels in the preceding month, while cocoa, copra, cotton and palm oil recorded price declines of 1.8, 16.4, 4.4 and 2.3 per cent, respectively, during the period. When compared with their levels in the corresponding month of 2003, copra, cotton, palm oil and soya bean recorded price increases of 25.4, 14.2, 28.6 and 56.0 per cent, respectively, while cocoa and coffee recorded price declines of 37.6 and 3.2 per cent, respectively.

In naira terms, two of the commodities namely: coffee and soya bean recorded price increases of 2.5 and 3.0 per cent, respectively, over their levels in the preceding month, while cocoa, copra, cotton and palm oil recorded price declines of 1.8, 16.4, 4.4 and 2.3 per cent, respectively. When compared with their levels in the corresponding month of 2003, five of the commodities recorded price increases ranging from 3.4 per cent for coffee to 66.6 per cent for soya bean, while cocoa recorded a price decrease of 33.4 per cent.

3.2 Petroleum Sector

Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at 2.63 million barrels per day (mbd) or 78.90 million barrels for the month, showing a decline of 3.25 million barrels or 4.0 per cent from the level in March 2004. Crude oil export was estimated at 2.18 mbd or 65.40 million barrels for the

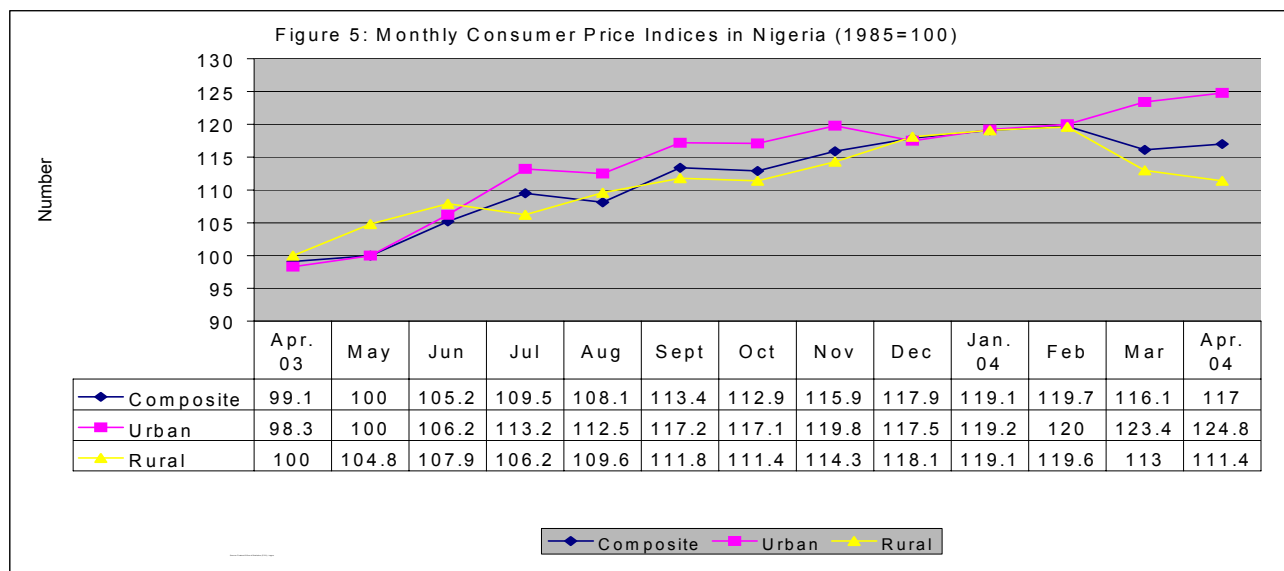
month, compared with 2.20 mbd in March 2004. Deliveries of crude oil to refineries for domestic consumption remained at 0.45 mbd, same as in the preceding month or 13.5 million barrels for April 2004.

Crude oil prices indicated mixed developments in April 2004. In the spot market, the average price of Nigeria's reference crude, the Bonny Light (37° API), was US\$34.40 a barrel during the month, indicating an increase of US\$0.27 a barrel or 0.8 per cent over the level in the preceding month. The prices of other competing brands namely, the West Texas Intermediate (WTI) and the Forcados also increased by 0.4 and 0.3 per cent to US\$36.61 and US\$33.90 per barrel, respectively, during the period. However, the prices of others namely, the U.K Brent and the Arab Light fell by 0.3 and 1.8 per cent from their respective levels in the preceding month to US\$33.41 and US\$31.20 per barrel. The price increase recorded was attributed partly

In the net-back market, however, the prices of all crude blends were higher than their levels in the preceding month. The Bonny Light and WTI were sold for \$43.35 and \$45.40 a barrel, respectively, compared with their respective prices of \$42.86 and \$44.35 a barrel in the preceding month. The UK Brent was also sold for \$42.55 a barrel during the month, showing an increase of \$0.05 a barrel or 0.1 per cent over the level in the preceding month.

3.3 Consumer Prices

Based on the Federal Office of Statistics (FOS) data for March, 2004, the all-items composite Consumer Price Index (CPI) in April 2004 was estimated at 117.0 (May 2003 = 100), representing increases of 0.8 and 18.1 per cent over the levels in the preceding month and the corresponding period of 2003, respectively. The development during the month was

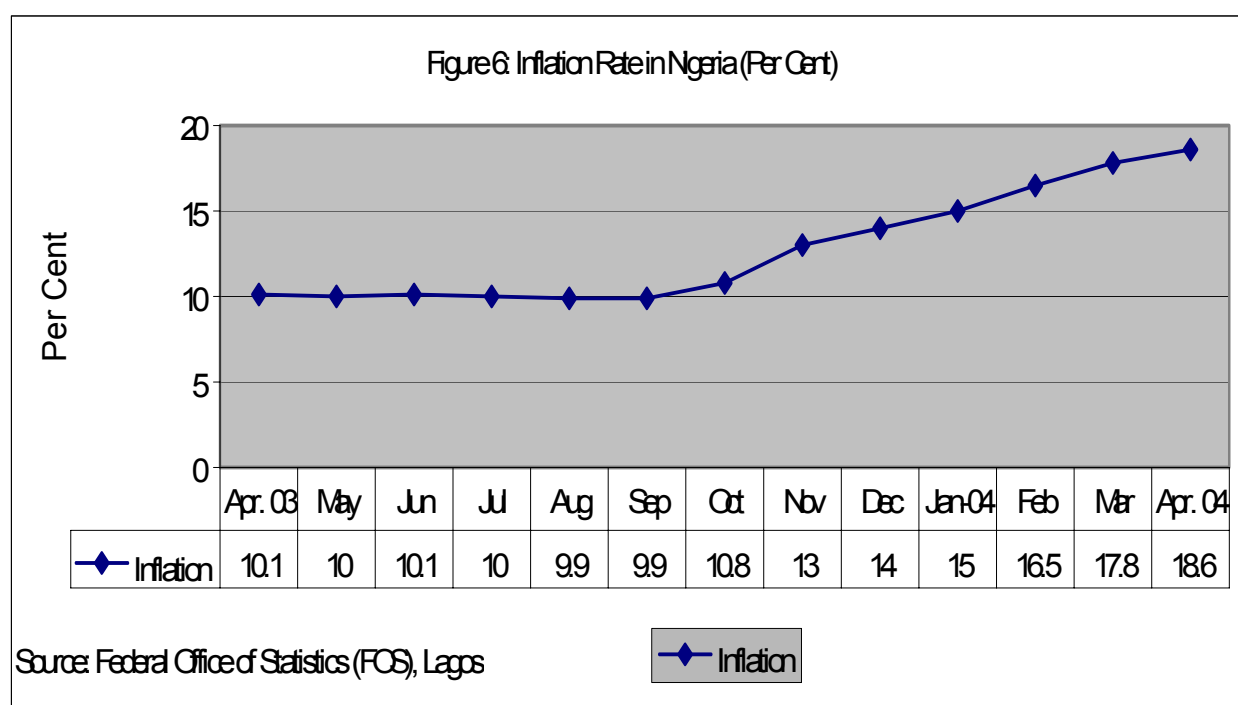


to increased demand by refineries, particularly in the USA; and partly due to panic buying by crude oil traders following continued violence and destruction of oil facilities in Iraq as well as uncertainties in other parts of the Middle East.

attributable to the rise in the indices of alcoholic beverages, tobacco and kola; clothing and footwear; housing, water, electricity, gas and other fuel; furnishing, household equipment and household maintenance; health; transport;

communication; education; restaurant and hotels; and miscellaneous goods and services whose indices increased by 1.0; 0.6; 0.3; 0.1; 2.3; 1.6; 0.1; 0.1; 1.6; and 0.1 per cent, respectively. However, the indices of food; food and non-alcoholic beverages; and recreation and culture declined by 1.0; 0.9 and 0.1 per cent, respectively. When compared with their levels in the corresponding month a year earlier, all the components recorded price increases ranging from 7.4 per cent for communication, to 61.4 per cent for

Retail price surveys of selected consumer items by the CBN, in some locations within Lagos area, F C T Abuja as well as Bauchi, Enugu, Ibadan and Kano Zones also indicated a marginal increase. The retail price index (RPI) showed an increase of 0.16 per cent in the all-items average price of consumer items in April 2004, compared with 1.8 per cent increase in the preceding month. The development during the month was traceable to the increase in the indices of staples; meat, fish



education.

The urban all-items CPI was estimated at 124.8 (May 2003=100), indicating increases of 1.1 and 27.0 per cent over the levels in the preceding month and the corresponding period of 2003, respectively. However, the rural all-items CPI, estimated at 111.4 (2003=100), indicated a decline of 1.4 per cent below the level in the preceding month's level but rose by 17.0 per cent over the level in the corresponding period of 2003.

and eggs; vegetables, fruits and nuts; beverages and drinks; clothing and fabrics; fuel and light; as well as medical by 0.3, 0.5, 0.4, 1.2, 0.4, 2.2 and 1.7 per cent, respectively, while the indices of oil and fat; and building materials recorded declines of 0.2 and 0.03 per cent, respectively, during the review month.

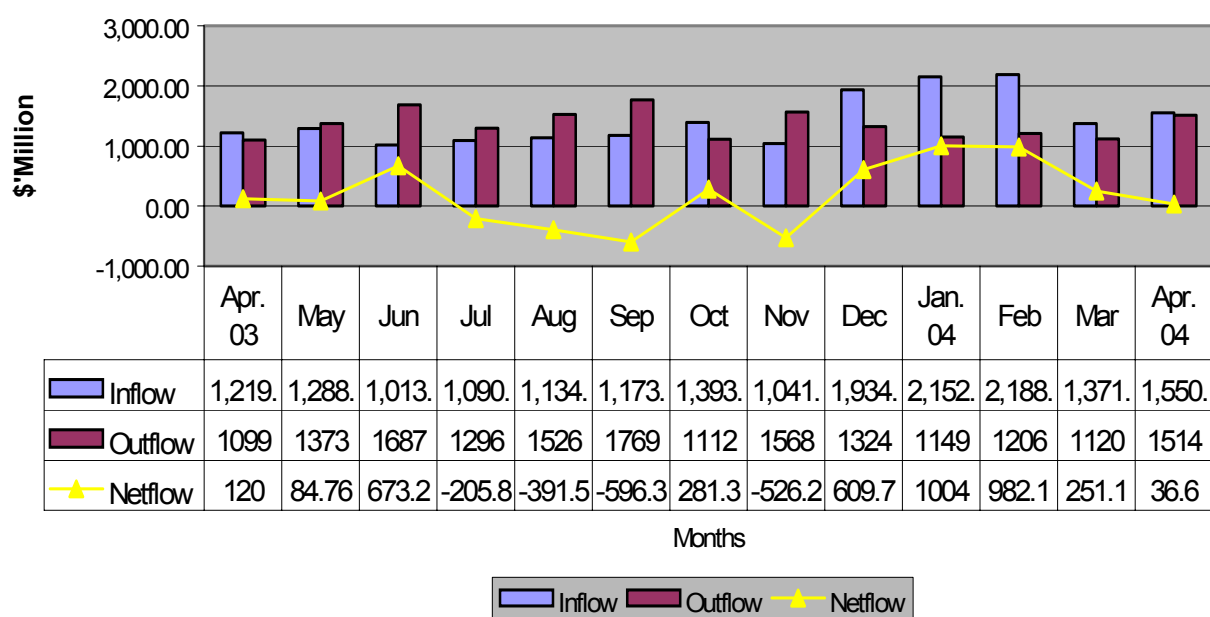
Price increase of 3.2, 0.8, 0.8, and 2.2 per cent was reported in Ibadan and Kano zones, F.C.T Abuja and Lagos area, respectively, over the preceding month's level, while Bauchi and Enugu zones recorded price

declines of 0.3 and 0.1 per cent, respectively, during the period.

The rate of inflation for the twelve-month period ended April 2004 was estimated at 18.6 per cent, compared with 17.8 per cent achieved in March. The estimate for April was 0.8 and 8.5 per cent over the levels in the preceding month and corresponding month of 2003, respectively. The upward trend in inflationary pressure could be attributed to the effect of the increase in the prices of petroleum products with upward pressure on transportation and production costs.

indicating a net inflow of US\$36.6 million. Compared with their levels of US\$1,371.45 and US\$1,120.33 million in the preceding month, inflow and outflow rose by 13.0 and 35.1 per cent, respectively, during the month. The rise in inflow was attributable to the 16.6 per cent increase in oil sector receipts, while the rise in outflow was traceable to the 23.4, 247.4, and 15 per cent increases in the funding of the foreign exchange market, external debt service payments and outflows through autonomous sources, respectively. At US\$6,640.22 million and US\$4,988.60 million, cumulative inflow and outflow through the

Figure 7: Foreign Exchange Flows Through the CBN (\$'Million)



4.0 EXTERNAL SECTOR DEVELOPMENTS

4.1 Foreign Exchange Flows

Foreign exchange inflow and outflow through the Central Bank of Nigeria (CBN) in April 2004, amounted to US\$1,550.17 and US\$1,513.57 million, respectively,

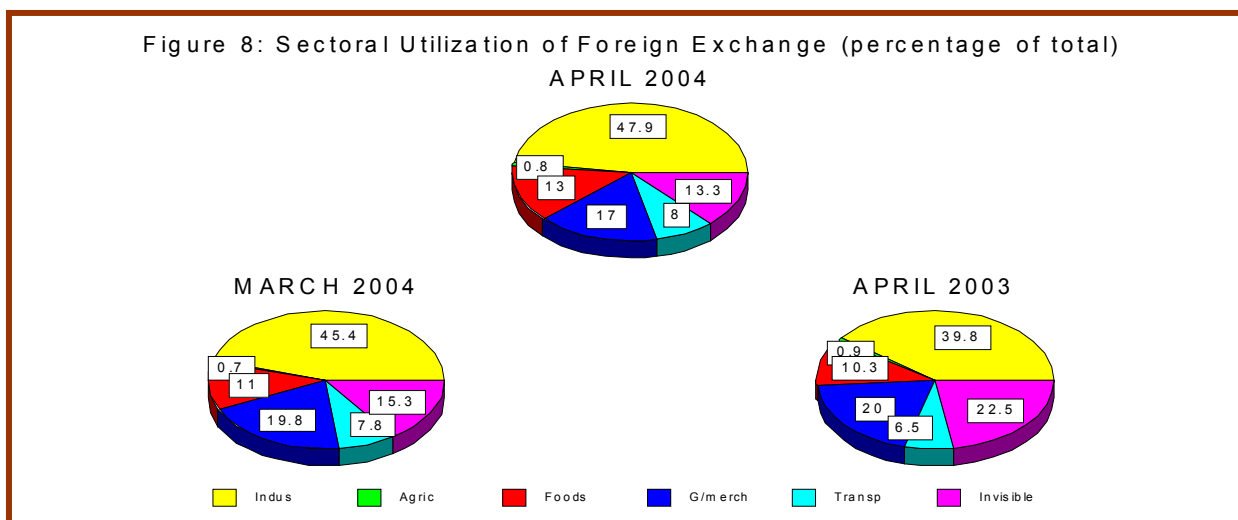
CBN in the first four months of 2004 were 31.0 and 6.2 per cent higher than their levels in the corresponding period a year earlier.

Foreign exchange flows through the economy indicated that total inflow rose by 2.6 per cent from the level in the preceding month to US\$2,259.27 million in April 2004. Receipts from oil sector rose by 16.6 per cent to US\$1,475.05 million,

representing 65.3 per cent of the total, while non-oil public sector receipts declined by 29.4 per cent to US\$75.12 million, representing 3.3 per cent of the total. Inflow through the autonomous sources stood at US\$709.10 million and accounted for 31.4 per cent of the total, compared with 37.7 per cent in the preceding month. At US\$1,552.57 million, aggregate foreign

4.2 Sectoral Utilisation of Foreign Exchange

The industrial sector accounted for the bulk (47.9 per cent) of total foreign exchange disbursed in April 2004, followed by general merchandise (17.0 per cent). Other beneficiary sectors, in a descending order of importance, included: invisibles



exchange outflow from the economy rose by 34.5 per cent from the preceding month's level. This reflected largely the increases in the major components of outflow, particularly the increases in the funding of the Dutch Auction System (DAS), external debt service payments, National Priority projects as well as outflows through autonomous sources from US\$640.93, US\$114.29 million, US\$0.00 and US\$33.92 million in March to US\$790.85, US\$397.01 million, US\$94.56 and US\$39.00 million, respectively. Outflows through "Other official payments" and drawings on L/Cs, however, fell by 35.2 and 65.5 per cent to US\$225.09 million and US\$6.06 million, respectively, during the month. The cumulative inflow and outflow through the economy from January to April 2004 amounted to US\$9,392.11 and US\$5,172.91 million, respectively, compared with US\$7,752.49 and US\$5,177.40 million in the corresponding period of 2003.

(13.3 per cent), food (13.0 per cent), transportation (8.0 per cent) and agricultural products (0.8 per cent) (Fig.9).

4.3 Foreign Exchange Market Developments

There was increased demand for foreign exchange in April 2004. A total of US \$790.85 million was sold to end-users through the authorized dealers, compared with US\$640.93 million in the preceding month. The weighted average exchange rate of the Naira vis-à-vis the US dollar, however, appreciated by 0.7 per cent from ₦134.67 per dollar in March 2004 to ₦133.67 per dollar in April 2004. Similarly, in the bureaux de change segment of the market, the rate appreciated from ₦139.92 per dollar in March 2004 to ₦138.85 per dollar in April 2004. Overall, the premium between the bureaux de change and official

market rates narrowed to 4.0 per cent from 4.1 per cent in March 2004.

4.4 External Reserves

Provisional data showed that Nigeria's gross external reserves at end-April, 2004 amounted to US\$9,993.76 million, indicating an increase of 3.2 per cent over the preceding month's level. At current level of foreign exchange commitments, the reserves could finance about 6.6 months of foreign exchange disbursement.

5.0 OTHER INTERNATIONAL ECONOMIC DEVELOPMENTS

World crude oil output, estimated at 79.06 million barrels per day (mbd) in April 2004 declined by 0.51 mbd or 0.6 per cent from the preceding month's level of 79.57 mbd, while the estimated demand at 79.30 mbd for the month, rose by 0.60 mbd or 0.8 per cent. Overall, total world oil demand exceeded supply by 0.24 mbd. The rise in demand during the review period was attributable largely to improved refinery capacity utilization, particularly in the United States, to meet demands for gasoline and diesel in preparation for the approaching summer season.

Other major international economic developments of relevance to the domestic economy during the month included: the Spring Meetings of the Boards of Governors of the International Monetary Fund (IMF)/The World Bank Group, and the G-24 Ministers, held at Washington DC. USA. in April, 2004.

The following decisions were taken at the meeting:

- The need for all parties, developing and developed countries and the international institutions to urgently enhance concerted action to accelerate progress towards attainment of the Millennium Development Goals (MDGs).
- The need to accelerate sustainable and inclusive growth, particularly through improving the enabling environment for private sector activity, strengthening reforms in public institutions and improving the quality of governance, scaling up effective investment in infrastructure, ensuring access to health care, education and the basic social services and fighting the HIV/AIDS pandemic.
- Acknowledgment of the recent steps taken through the New Partnership for Africa's Development (NEPAD) and the African Union (AU) to improve governance and eradicate corruption and the call on the international community to provide additional and coordinated assistance; and the need for developing countries to have greater access to industrial countries' market.
- In order to support growth and competitiveness in emerging and developing countries, IMF policy advice should allow for higher levels of investment in infrastructure, through financing from multilateral development banks.
- Underscored the importance of trade to support the balanced growth of the international

economy, the achievement of the MDGs and the need to further reduce external vulnerabilities of developing countries.

- Supported the extension of the enhanced HIPC Initiative beyond the expected expiration in December 2004 and welcomed the amendment of the Poverty Reduction and Growth Facility (PRGF)-HIPC Trust Instrument to provide for additional resources in cases where a member country's debt parameters were affected by exogenous factors. They also looked forward to the mobilization of more resources under the self-sustained PRGF, among other issues.

Furthermore, the Executive Board of the International Monetary Fund (IMF) in April appointed Dr. Rodrigo Rato as the new Managing Director of the IMF. He was expected to resume duty on May 4, 2004 for the next five years. He succeeded Mr. Horst Kohler, who resigned on March 4, 2004 to contest for the German Presidency.

In another development, the Technical Committee of the Association of African Central Banks (AACB) met in Douala, Cameroon in April 2004 to review the African Monetary Cooperation Programme (AMCP) and prepare a draft programme for the 28th Meeting of the Assembly of Governors.

At the end of their deliberation, the Committee agreed that:

- The revised AMCP would lead to the setting up of the African Central Bank in year 2015

- The African Union is required to marshal the necessary political support for the AMCP.
- The different convergence criteria of the regional economic communities and the AACB should be harmonized with those of the AMCP.
- The African Central Bank would be established when the majority of countries and or Central Banks in the various sub-regions, representing at least 51 per cent of the AACB membership, have fulfilled the convergence criteria.
- To ensure that there is a permanent institutional framework at the level of member states and at the sub-regional level to monitor performance, Convergence Council and a Technical Committee should be set up.

Finally, a retreat on the Nigeria-South Africa Bi-National Commission (BNC) was held by the Office of the Vice President of the Republic of Nigeria for desk officers of the Federal Ministries and Agencies in Kaduna from 22nd-23rd April, 2004 to review the strategies for enhancing the implementation of BNC projects, modalities for private sector participation, and streamlining of the BNC within the policy reforms - National Economic Empowerment and Development Strategy (NEEDS) of the Federal Government. The highlights of the retreat were as follows:

- The constraints to efficient functioning of the BNC included the non-inclusion of the Organized Private Sector in pre-BNC activities and the difficulty in obtaining South African visa, among others.
- The strong relationship currently existing between the Monetary Authorities of the two countries at the continental and international levels. The Central Bank of Nigeria was

requested to forward a proposal to the Reserve Bank of South Africa on collaboration efforts in the area of capacity building.

- The Nigerian Investment Promotion Commission (NIPC) was directed to present some of the 75 projects/investment opportunities identified along with UNIDO in Nigeria during the Business Investment Forum at the next BNC for consideration.
- Nigeria has ratified the Investment Promotion and Protection Agreement (IPPA) between the two countries.
- The Mutual Legal Assistance and Extradition Treaty between both countries was still under consideration by the National Assembly.
- The two countries, through the New Partnership for Africa's Development (NEPAD) and the African Union are expected to achieve significant progress in economic development in Africa.
- Nigeria was requested to present its position on collaboration with South Africa in the areas of Space technology, Laser technology, Biotechnology as well as Information and Communication Technology on the 29th April, 2004.