Central Bank of Nigeria

ECONOMIC REPORT FOR THE FIRST HALF OF 2006

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CENTRAL BANK OF NIGERIA

ECONOMIC REPORT FOR THE FIRST HALF OF 2006

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REPORT FOR THE FIRST HALF OF 2006

Executive Summary

The framework for monetary policy management during the first half of 2006 remained that of monetary targeting. It relied on open market operations (OMO), discount window operations and reserve requirements, complemented by the sale of foreign exchange through the wholesale Dutch Auction System (WDAS). The CBN also intensified the implementation of the Small and Medium Enterprises Equity Investment Scheme (SMEEIS), the Agricultural Credit Guarantee Scheme (ACGS) and the microfinance scheme to deliver on its developmental mandate.

The Financial Sector

The growth in monetary aggregates during the first half of 2006 was excessive relative to the targets for the year. Broad money supply (M_2) increased by 34.1 per cent over the level at end-December, 2005, compared with the maximum target growth of 17.0 per cent for 2006. While, narrow money supply (M_1), rose by 21.5 per cent, compared with the 13.3 per cent target growth for 2006. The factors that drove the growth in monetary aggregates during the period were the rapid rise in net foreign assets (NFA) coupled with the significant growth in net domestic credit from the assets side of the balance sheet and the unprecedented rise in the deposits of the deposit money banks (DMBs) on the liability side. The reserve money target under the policy support instruments (PSI) programme was, however, met in the first half of 2006. At ₦41.8 billion, the cost of liquidity management in the first half of 2006 increased significantly, compared with ₦14.1 billion incurred in the corresponding period of 2005. Relative to the gross domestic product (a measure of financial deepening), the M_2/GDP ratio at 71.9 per cent remained relatively high as at March 2006, and compares with the 73.6 per cent recorded in the corresponding period of 2005. This implied that the broad money velocity has increased between March 2005 and March 2006. Aggregate banking system credit (net) to the domestic economy grew by 16.4 per cent, relative to the target of 14.0 per cent for 2006 and 8.0 per cent in the corresponding period of 2005. The CBN claims (net) on the Federal Government declined by 1.7 per cent below the level at end-December, 2005 compared with the programmed target decline of 57.2 per cent for 2006. The trend was as a result of the increase in government deposits. The deposit money banks' (DMBs) credit to the private sector rose by 19.2 per cent compared with the target increase of 30.0 per cent for 2006.

Banks' deposit and lending rates indicated mixed developments. The savings rate declined while other deposits and lending rates increased. Financial savings increased by 0.6 per cent over the level at end-December, 2005 while transactions on the Nigeria Stock Exchange (NSE) were bullish as all the major indicators trended upward.

The CBN total assets increased by 23.8 per cent compared with the level in the corresponding half of 2005, largely reflecting the 73.9 and 26.9 per cent increase in Federal Government Securities and total external reserves.

The Government Sector

At ₦2,990.2 billion, total federally-collected revenue in the first half of 2006, exceeded both the proportionate budget estimate and the level at end-June 2005 by 43.7 and 27.0 per cent, respectively.

Federal Government retained revenue for the period was ₦772.6 billion, while its aggregate expenditure amounted to ₦643.1 billion. Of the total expenditure, recurrent, capital and transfer expenditures accounted for 92.4, 1.0 and 6.6 per cent, respectively. The fiscal operations of the Federal Government resulted in a notional overall surplus of ₦129.5 billion, as against the proportionate budgeted

deficit of ₦188.9 billion. The notional mid-year surplus position was due to the delay in the release of capital vote. The state and local governments received ₦538.0 billion and ₦310.4 billion, respectively, from the Federation and Value-Added Tax Pool Accounts.

The securitised domestic debt of the Federal Government stood at ₦1,562.6 billion as at end-June 2006, up by 14.5 per cent from the level at end-June, 2005. External debt service payments in the first half of 2006 amounted to US $4.74 billion, including the Paris Club debt exit payment of US$4.1 billion. The stock of external debt was US$4.85 billion at end-June, 2006.

The Real Sector

Domestic output, (real GDP measured in 1990 basic prices) grew by 5.3 per cent in the first half of 2006, compared to 5.0 per cent in the corresponding period of 2005. The growth was driven by the non-oil sector, which grew by 8.8 per cent. The main drivers were agriculture, general commerce and services. Agricultural production index, measured at 1990 base year value, rose by 6.2 per cent relative to the level in 2005. Industrial production index at 1984 values however, fell by 2.1 per cent, relative to the level in the corresponding period of 2005.The average manufacturing capacity utilization rate was lower than the levels in the preceding half year and in the corresponding period of 2005. The price of Nigeria's crude oil, the Bonny light (37^0 API) increased significantly, while production declined by 4.0 per cent relative to the level in the corresponding period of 2005.

Inflationary pressures decelerated, as the year-on-year headline inflation rate declined from 18.6 per cent in June 2005 to 8.5 per cent in June 2006. The deceleration in the rate of inflation was a reflection of the efficacy of monetary management. Delivery of social services recorded some improvements, particularly in the health and water sub-sectors. The Population census and Post-enumeration survey took place in the first half of 2006.

External Sector

The performance of the external sector improved significantly in the first half of 2006, with an estimated overall balance of payments surplus of ₦1,029.5 billion, up by 18.3 per cent from its level in the first half of 2005. This outcome was attributed to the robust goods account, occasioned by the remarkable increase in receipts from oil exports, in spite of the decline in the volume of export. Consequently, the current account surplus increased by 46.5 per cent and overwhelmed the deficit in the capital and financial accounts. The end-June stock of external reserves, at US$36.5 billion, could finance 23.0 months of current import commitments, compared with 18.6 months in the corresponding period of 2005.

The foreign exchange market was further liberalised with the introduction of the Wholesale Dutch System (WDAS) in February 2006 and admission of bureau de change (BDCs) into the official foreign exchange market in April 2006. This development together with the robust external reserves position facilitated a reduction in the arbitrage premium to less than 5.0 per cent. Generally, the naira appreciated in all segments of the market relative to the levels in the corresponding period of 2005 and was relatively stable in all the market segments.

World economic output growth was estimated at 4.9 per cent, same as the level in the corresponding period of 2005. The steadied growth was driven by the US, India, China and some emerging markets. High oil prices amid geopolitical unrest and the faltering growth in Japan and Europe had a dampening effect on growth.

Economic Outlook for the Rest of 2006

Macroeconomic management in the second half of the year is expected to pose serious challenges. Despite the favourable agricultural output, inflationary pressure may build on an account of the expected pre-election expenses, as the 2007 general election draws near. The problem of excess liquidity could also be compounded because of the bunching of capital releases and the injection from the planned supplementary budget. Furthermore, the lack of alternative longer-term intervention instruments will continue to pose serious challenges to monetary policy management and will largely influence ability to meet the monthly targets under the PSI.

SELECTED MACROECONOMIC INDICATORS

Item	Jun-02	Jun-03	Jun-04	Jun-05 1/	Jun-06 2/
Domestic Output and Prices					
GDP (Growth Rate)					
Real GDP (Growth Rate %)	4.6*	9.6*	6.6*	5.0	5.3
Oil Sector	-5.7*	23.9*	3.3*	-3.6	-4.7
Non-oil	8.3*	5.2*	7.8*	8.4	8.8
Index of Agricultural Production (1960=100) Growth Rate (%)	3.7	-1.0	4.7	7.3	6.2
Manufacturing Capacity Utilisation Rate (%)	43.7	45.5	45.6	48.4	45.1
Inflation Rate % (12-Month Moving Average)	16.4	10.1	14.0	12.9	15.5
Inflation Rate % (Year-on-Year)	12.2	14.0	23.8	18.6	8.5
Federal Government Finance (Billion Naira)					
Overall Fiscal Balance	-119.51	-107.4	-136.56	-14.91	129.53
Primary Balance	-43.97	45.22	84.18	178.15	178.52
Retained Revenue	284.91	501.41	574.48	713.7	772.61
Total Expenditure	404.42	608.81	711.04	728.61	643.08
Domestic Debt Stock	1,016.97	-	-	1,364.38	1,562.60
External Debt Stock (US$ Billion)	29.04	31.11	33.03	34.23	4847.5
Money and Credit (Growth Rate %)					
Net Domestic Credit	28.5	23.6	-0.35	14.59	15.18
Net Credit to Government	602.1	47.03	-17.87	-2.37	17.89
Credit to Private Sector	9.87	14.38	7.08	19.96	14.76
Narrow Money (M_1)	6.78	13.76	-0.88	19.99	21.45
Broad Money (M_2)	14.15	16.9	6.45	25.18	34.08
External Sector					
Overall Balance (Billion Naira)	-394.5	-84.3	432.1	870.3	1,029.50
Current Account Balance (Billion Naira)	-82.4	218.7	495.17	1,367.10	2,003.30
Capital and Financial Account Balance (Billion Naira)	-302.7	-296.1	-53.5	-488.1	-962.8
External Reserves (US$ Billion)	8.7	7.7	11.4	24.4	36.5
Average Crude Oil Price (US$/barrel)	24.03	27.94	33.04	49.95	66.5
Average AFEM/DAS Rate (N/$1.00)	115.91	127.40	134.17	132.86	127.72
Average Bureau de Change Exchange (N/$1.00)	133.90	138.60	141.50	139.90	143.69
End-Period Exchange Rate (N/$1.00)	137.30	139.44	141.51	139.92	143.69

1/ Revised
2/ Provisional
* Figures are annual

CENTRAL BANK OF NIGERIA
Report For The First Half Of 2006

1.0 Introduction

The framework for monetary policy management in the first half of 2006 remained that of monetary targeting. The Bank adopted various policy measures aimed at containing the growth in monetary aggregates in order to achieve price and monetary stability, as well as reserve money target under the Policy Support Instrument (PSI). The measures included an upward review of the MRR; making long tenured instruments of six (6) months and above rediscountable; sale of special Nigerian Treasury Bills (S/NTB) as well as further liberalisation of the foreign exchange market and aggressive sales of foreign exchange, including swap arrangements.

Table 1: Monetary Policy Targets
(Growth in % except otherwise stated)

	Key Policy Target	2003	2004	2005	2006
(i)	Broad Money Growth (M2)	15.00	15.00	15.04	15-17
(ii)	Narrow Money (M1)	13.80	10.80	11.38	13.3
(iii)	Base Money (under PSI)	-	-	-	N800 billion*
(iv)	Aggregate credit to the domestic economy	25.70	24.50	22.54	22.5
(v)	Credit to Government	150.30	29.90	14.01	-57.2
(vi)	Credit to the private Sector	32.30	30.00	25.24	30.0
(vii)	Inflation rate	9.00	10.00	10.00	9.0
(viii)	GDP	5.00	5.00	6.00	7-10

* Targets for June 2006

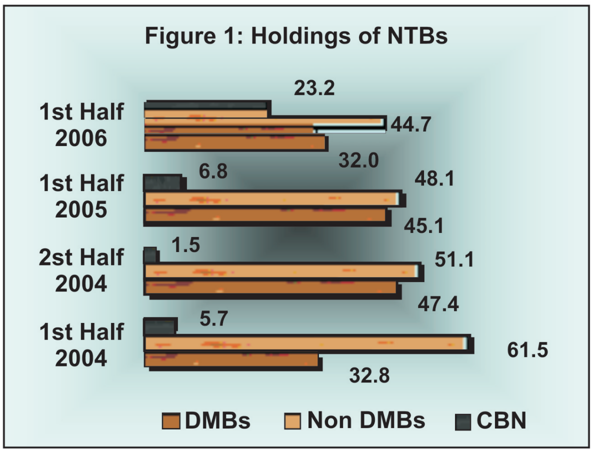
2.0 OPERATIONS OF THE CENTRAL BANK OF NIGERIA

Liquidity management efforts of the Central Bank of Nigeria yielded the expected results as the reserve money programme target for the first half of the year was met.

2.1 Liquidity Management

Liquidity management efforts of the Central Bank of Nigeria (CBN) facilitated the meeting of the programme target for reserve money for the first half of 2006. OMO transactions showed that total bids and sales of intervention securities rose substantially to ₦1,207.0 billion and ₦895.6 billion, compared with ₦915.7 billion and ₦733.0 billion in the corresponding period of 2005. The sale of special NTBs was introduced in the primary market during the period to stem the unprecedented growth in DMBs idle reserves, which could have compromised the achievement of the reserve money target. Special NTBs of various tenors ranging from 35 to 364 days amounting to ₦525.2 billion were introduced at the daily OMO auction. The authorities also introduced the FGN bonds of 3, 5 and 7-year tenors to help contain the liquidity situation. Arrangement to commence the trading of these bonds in the secondary market was concluded with the appointment of fifteen primary dealers, comprising the five (5) discount houses and ten (10) banks. In addition, the CBN introduced special reverse repo transactions to encourage banks not to hold idle balances in their accounts with CBN in order to contain the growth of bank reserves.

At the official foreign exchange market, banks could buy foreign exchange from the CBN, using either balance in their accounts at the CBN or by pledging Treasury Bills or both. Banks were however, required to pledge the NTBs twenty-four hours before the value date of the sales, while the CBN would rediscount the NTB at existing market rates. In order to curb the excessive growth in credit and motivate the patronage of domestic money market instruments, the minimum rediscount rate (MRR) was raised in June 2006 by 100 basis points to 14 per cent. Overall, both the domestic money and foreign exchange markets were relatively stable during the first half of 2006.



2.2 Payments and Clearing System

The National Payments System Committee (NPSC) was strengthened as six Technical sub-committees were inaugurated to work and advise the committee. The Strategy Team set up by the NPSC to develop a vision policy document for repositioning the payments system completed the first vision document during the period under review. Furthermore, the review of the clearing and settlement framework resulted in the admission of four additional settlement banks (Access, Intercontinental, IBTC-Chartered and Oceanic) thus, bringing the total number of settlement banks to ten (10). In addition, the Nigerian Cheque Standard was launched to address the problem of high MICR reject rate in the clearing system. The RTGS rules and regulations were also approved during the review period. Consequently, the net settlement module of the RTGS commenced live operations in January, thus, enhancing the settlement of net clearing positions of banks. Twenty - one (21) out of the 25 banks in the country had indicated their readiness to participate in the RTGS by completing the required forms.

In the retail payments segment, the value of instruments cleared nationwide increased by 21.3 per cent to ₦7,446.2 billion, while the volume increased by 3.9 per cent to 6.6 million relative to the corresponding period of 2005. Four zones - Lagos, Abuja, Ibadan and Port-Harcourt, maintained their lead in the clearing activities, accounting for 71.91 per cent of the total instruments cleared. The upward trend in cheque clearing reflected increased confidence in the banking system engendered by the successful conclusion of the first phase of the consolidation programme and the positive impact of the public awareness created by the launching of the Nigerian Cheque Standard.

Analysis of clearing activities of the settlement banks showed that First Bank of Nigeria Plc, with 27 per cent of the total cheques cleared in the system maintained the lead both in volume and value terms. Zenith Bank Plc, UBA Plc, Union Bank Plc and Guaranty Trust Bank Plc followed in that order.

Figure 2: Volume of cheques cleared (Jan - June) 2005-2006

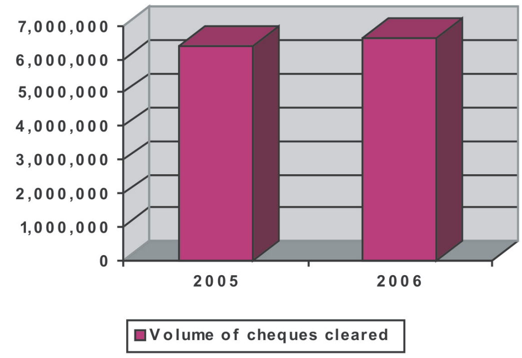


Figure 3: Value of cheques cleared (Jan - June) 2005-2006

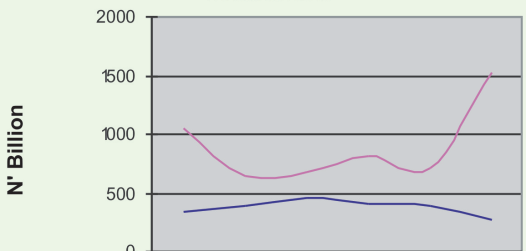
The first three banks jointly accounted for over 66.0 per cent of the total volume and value of cheques cleared and dominated activities in the clearing houses. The mandatory collateral for clearing operations by each settlement bank remained at ₦15.0 billion. At 28,681,510 and ₦5,431.25 billion, in-house cheque transactions increased in volume and value by over a hundred per cent each, relative to the levels in the corresponding period of 2005. In-house cheques accounted for 81.2 per cent of the total while cheques through clearing accounted for 18.8 per cent reflecting a predominantly cash economy.

Figure 4: VOLUME OF IN-HOUSE CHEQUES TRANSACTIONS

	Jan	Feb	March	April	May	June
2006	2E+06	2E+06	2E+06	2E+06	2E+06	2E+06
2005	3E+06	5E+06	5E+06	5E+06	6E+06	4E+06

Month

Figure 5: VALUE OF IN-HOUSE CHEQUES TRANSACTIONS



	Jan	Feb	March	April	May	June
2006	331.87	395.1	464.51	413.41	390.91	269.19
2005	1057.9	638.01	675.59	808.68	718.76	1532.3

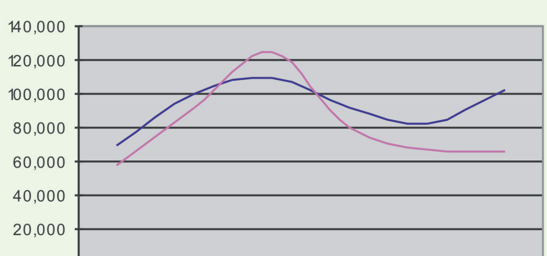
Month

In the electronic payments segment, the volume and value of Point of Sale (POS) transactions fell by 12.4 and 43.8 per cent, to 487,807 and ₦12.98 billion as at the end of June 2006, relative to the levels in the corresponding period of 2005.

The declining trend in the POS transactions reflected the preference of cardholders for debit card that can be used on online POS terminal or Automated Teller Machine (ATM).

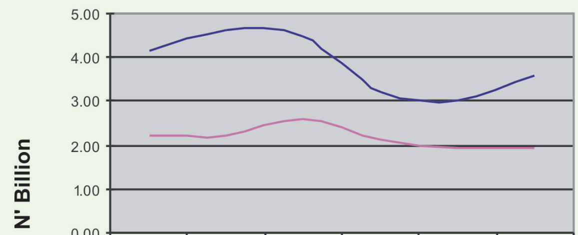
The decline in value compared to the growth in volume implied increased cards usage for retail payments.

Figure 6: VOLUME OF POS TRANSACTIONS



	January	February	March	April	May	June
2006	69298	100524	109918	91958	82551	102431
2005	58166	91544	125269	79906	67515	65408

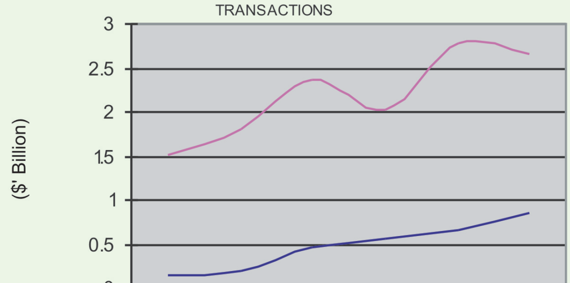
Figure 7: VALUE OF POS TRANSACTIONS



	January	February	March	April	May	June
2006	4.15	4.61	4.49	3.22	3.04	3.58
2005	2.2	2.21	2.59	2.1	1.95	1.94

The foreign currency denominated Card scheme recorded higher patronage during the review period. The volume and value of the transactions on the platform of Card Technology Limited significantly increased by 473.4 and 360.5 per cent to 51,105 and US$13.17 million, respectively at end-June 2006 compared with the levels recorded in the corresponding period of 2005.

Figur 8: VALUE OF DOLLAR DENOMINATED CARD TRANSACTIONS

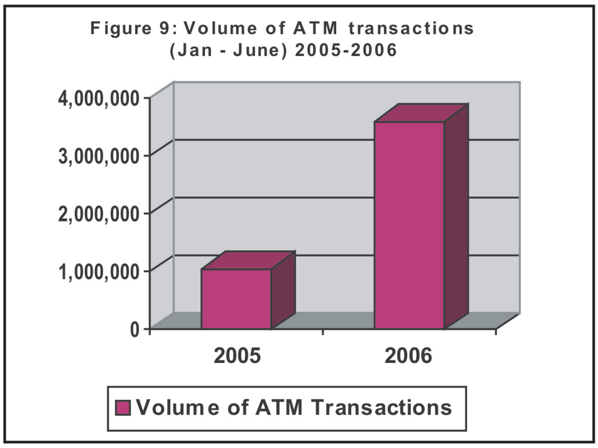


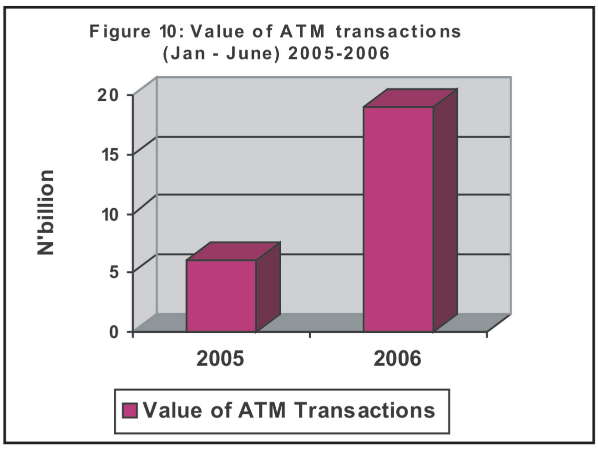
	Jan	Feb	March	April	May	June
2005	0.14	0.19	0.47	0.56	0.65	0.85
2006	1.52	1.81	2.37	2.03	2.77	2.67

The significant increase was due to the rise in the number of banks that operated the scheme. Five banks issued MasterCard in collaboration with Card Technology Nigeria Limited while Zenith, Oceanic, Standard Chartered and Access banks operated individual schemes. Increased public awareness and the introduction of new products as well as convenience of the scheme boosted foreign currency card transactions.

ATM transactions increased during the first half of 2006. The number of Machines installed increased by 36.5 per cent from 428 in the corresponding period of 2005 to 584. At 3,606,336 and ₦18.9 billion,

the volume and value of ATM transactions increased by 247.6 and 221.4 per cent, over the levels in the first half of 2005.





The increase in the usage of ATMs was attributed to the rise in the number of shared ATMs, increased public awareness, cardholders' preference for debit card to stored value card and aggressive marketing by banks.

In the wholesale payments segment, the fall in the number of banks operating in Nigeria, arising from the consolidation exercise, led to a decline of 32.6 per cent in the volume of inter-bank transfers to 44,858 relative to the corresponding period of 2005. However, the federation account allocation to all the tiers of government and federal government releases to its agencies buoyed the value of transfers by 5.6 per cent to ₦14.0 trillion in the first half of 2006.

2.3 Financial Sector Surveillance

In March 2006, the Bank conducted post consolidation due diligence investigations on the 25 banks that emerged from the consolidation exercise in consonance with its mandate of ensuring a sound and stable financial system. Furthermore, the CBN intensified its supervisory and surveillance activities on the operations of the banking sector through regular appraisal and review of banks' periodic returns, spot checks, monitoring and special investigations, among others. The main focus was to verify the authenticity of the statutory returns made to the CBN and their compliance with stipulated guidelines.

During the period, all consolidated banks were directed to embark on a timely and full integration of their processes, as contained in their strategic business plans. The Interim reports on the integration exercise were sent to the CBN in May 2006 and subsequent monthly returns were to be submitted five (5) days after the end of each reporting month. At end-June 2006, 13 banks had complied with this directive.

All the 13 (thirteen) banks, have acquired new software packages to facilitate their integration process. The complete integration of banks would ensure efficient mobilization and allocation of resources, effective customer service delivery, and attainment of synergy as well as the maximization of stakeholders' expectations. Following the successful completion of the first phase of the consolidation programme, the Nigeria Deposit Insurance Corporation (NDIC) obtained court order to liquidate four (4) banks out of the fourteen (14) banks in liquidation. The four banks, namely, Allstates, Lead, Assurance and Trade banks were to be liquidated under the Purchase and Assumption (P&A) model, while provisional order for two others, Afex and Fortune banks, have been granted. The CBN/NDIC Liquidation Task Force also completed action on the acquisition of Allstates Trust Bank by Ecobank, which emerged as the best bidder. Consequently, the recertification of depositors commenced. However, a group of eight banks (the so-called Alliance Bank Group) challenged the revocation of their licenses in the law court, although Afex bank has since dissociated itself from the lawsuit.

The sensitization of stakeholders in the banking

industry on the “Introduction of Risk-Based Supervision” was undertaken jointly by the CBN and NDIC. Risk-Based Supervision, a major element of the Basel II Accord, was part of the 13-point agenda of the current Nigeria banking sector reforms.

Prudential examination in the first half of 2006, revealed that all the banks in the system as against 52.0 per cent of them at end-December 2005, met the specified minimum capital adequacy ratio (CAR) of 10.0 per cent. With respect to the liquidity ratio (LR), 88.0 per cent of the banks met the stipulated minimum of 40.0 per cent, compared with 83.1 per cent in the pre-consolidation period of 2005. The defaulting banks were penalized in accordance with the statutory requirements.

The post-consolidation assessment using the CAMEL parameters revealed that 40.0 per cent of the banks were rated sound, 52.0 per cent were rated satisfactory and 8.0 per cent rated marginal. No bank was rated unsound, reflecting the fact that the banks exhibited no signs of serious weakness after the consolidation exercise.

As part of its on-going efforts to improve efficiency in its supervisory process, the CBN made further progress in the deployment of the electronic Financial Analysis and Surveillance System (e-FASS). All the banks and discount houses have been effectively connected to the CBN extranet gateway. A system-wide parallel run of the e-FASS commenced in May 2006 and most of the banks have started the rendition of various returns electronically.

The CBN also issued a number of circulars to the banks bordering on their operations, as part of its efforts to promote a safe and sound financial system.

These included:

- Code of Corporate Governance
- Post Consolidation Integration
- The Unethical and Unprofessional Practice of De- marketing Colleagues/ Other Banks in the Industry by Spreading False Rumour; and
- Waivers of tax on interest earning from agricultural lending, among others.

A total of 597 cases of fraud and forgery, involving ₦2.0 billion and US$1.1 million were reported in the banking system during the first half of 2006. The sums of ₦1.2 billion, GB£10,000 and US$0.5 million were reported as the actual losses. These were attributed to incidences of payment on parallel and cloned cheques, suppression of cash deposit, armed robbery attacks, pilfering and conversion of funds transfers through Western Union.

The CBN also intensified its supervisory and surveillance activities on the Other Financial Institutions (OFIs) during the first half of 2006. On-site examinations of 87 community banks (CBs), 6 primary mortgage institutions (PMIs), 46 finance companies (FCs) and 293 bureaux de change (BDCs) were conducted. Major regulatory issues that emerged from the examinations included deep erosion of Share holders' funds through poor quality of risk assets, poor loan recovery effort and weak discharge of oversight functions by the Boards of Directors. Off-site review of the activities of the OFIs during the period revealed improvement in their operations as the total assets of the community banks grew by 1.3 per cent over the level at end-December 2005. The total assets of primary mortgage institutions and finance companies also increased by 4.7 and 30.1 per cent, respectively, over the levels at end-December 2005. The further liberalization of the foreign exchange market through direct sale of foreign exchange to registered BDC operators boosted the sub-sector as several previously inactive BDCs were rejuvenated and 60 applications for new BDC licences were received during the period. Following the directives by CBN for CBs to convert to microfinance banks (MFBs), applications for conversion from 6 CBs and 11 new applications for MFB licences were received during the first half of 2006.

2.4 Foreign Exchange Management

Forty-four auctions were held in the foreign exchange market under the Dutch Auction System (DAS) as against forty-seven in the corresponding period of 2005. The demand pressure in the foreign exchange market subsided, as the aggregate demand declined from US$5,930.14 million in the first half of 2005 to US$3,921.49 million. Consequently, the value of foreign exchange sold by the CBN through the authorized dealers fell by 27.2 per cent to US$3,637.52 million. This development was traced largely to the increased trading activities in the inter-bank foreign exchange market.

Foreign exchange flows through the economy increased by 23.1 per cent from the level in the corresponding period of 2005 to US$28.00 billion. Oil sector inflow accounted for 59.7 per cent of the total receipts while autonomous and non-oil public sector inflows accounted for 34.4 and 5.9 per cent of the total, respectively. Total outflow during the period under review amounted to US$11.42 billion, showing an increase of 37.3 per cent over the level in the corresponding period of 2005. The sharp increase in outflow was attributed to external debt service, other official and autonomous payments.

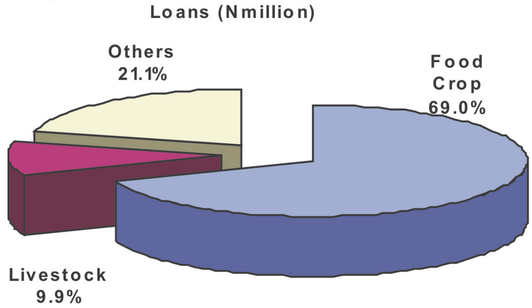
Transaction through the Central Bank of Nigeria in the first half of 2006 showed that inflows and outflows were US$18.37 billion and US$11.06 billion, respectively, compared with US$15.01 billion and US$8.03 billion in the corresponding period of 2005. This represented a net inflow of US$7.32 billion compared with US$6.98 billion in the corresponding period of 2005.

2.5 Development Finance Operations

2.5.1 Agricultural Credit Guarantee Scheme Fund (ACGSF)

The ACGSF's authorized and called-up share capital at end-June 2006 was ₦3.0 billion, while the paid-up capital remained at ₦2.25 billion. Total resources available under the scheme at end-June 2006 stood at ₦4.9 billion. A total of 12,188 loans, valued at ₦801.1 million were guaranteed under the scheme, compared with 6,464 loans, valued at ₦332.17 million guaranteed in the corresponding period of 2005. A total of 12,711 loans valued at ₦0.88 million was repaid during the period.

Figure 11: Sectoral Distribution of ACGSF Loans (Nmillion)



Since the inception of the Scheme in 1978 to June 2006, a total of 455,848 loans valued at ₦11.5 billion have been fully repaid. In terms of loan default and claims settlement, a total of 230 claims valued at ₦15.25 million were settled to 4 participating banks, compared with 120 claims valued at ₦2.33 million to 2 participating banks in the corresponding period of 2005.

2.5.2 Interest Drawback Programme (IDP)

A total of 5,919 claims valued at ₦17.5 million was settled under the IDP, compared with 8,470 claims valued at ₦24.1 million in the corresponding period of 2005.

2.5.3 The Trust Fund Model (TFM)

The Trust Fund Model recorded further progress as the governments of Bauchi, Osun and Cross River states pledged ₦50.0 million, ₦40.0 million and ₦100.0 million, respectively. Cumulatively, the number of stakeholders that had adopted the TFM as at end-June 2006, was sixteen (16) up from ten (10) as at end-June 2005. The amounts placed ranged from ₦5.0 million to ₦1.0 billion.

2.5.4 Small and Medium Enterprises Equity Investment Scheme (SMEEIS)

As at end-June 2006, the total amount set aside by the twenty five (25) banks under SMEEIS was ₦40.7 billion, compared with ₦31.0 billion recorded as at end-June 2005. The cumulative investment as at end-June 2006 was ₦14.9 billion in 226 projects, compared with ₦10.3 billion in 192 projects in the corresponding period of 2005.The real sector (manufacturing, agro-allied, construction and solid minerals) dominated investments as it accounted for 64.2 per cent of the total value in 145 projects, followed by the service related activities which accounted for 35.8 per cent in 81 projects. Of the 226 projects, one hundred and thirty-two (132) were located in Lagos with investments valued at ₦7.2 billion or 61.4 per cent, compared with 192 investments valued at ₦6.3 billion in 2005.

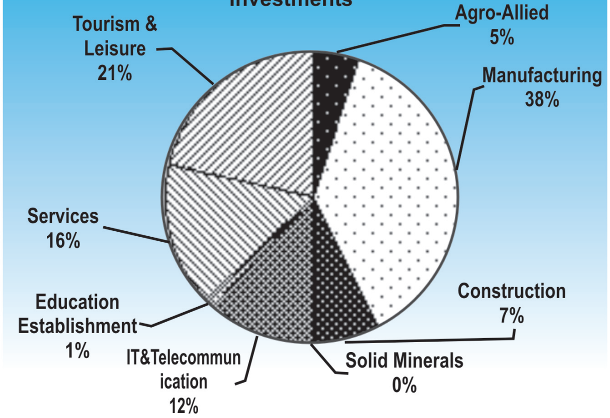


Figure 12: Sectoral Distribution of SMEEIS Investments

2.5.5 Microfinance

Following the launching of the microfinance policy in 2005, the Bank embarked on the sensitisation of various stakeholders. During the first half of 2006, 4,950 stakeholders including community banks and non-Governmental Organisations (NGOs) were sensitised.

2.6 Project EAGLES

During the first half of 2006, the CBN continued the implementation of the Project EAGLES. The pilot runs of Oracle ERP and Temenos 24 commenced at the Head office and branches. ERP modules such as Payroll, General ledger, etc were made live. Also in order to facilitate the smooth operation of the Real Time Gross Settlement (RTGS), live run of the net settlement module commenced and connection of all banks and discount houses through the CBN extranet gateway had been concluded.

2.7 CBN Assets and Liabilities

Provisional data showed that the total assets of the CBN as at end June 2006 increased by 23.8 per cent to ₦5249.6 billion, compared with the level in corresponding half of 2005. This reflected the increase of 73.9 and 26.9 per cent in Federal Government securities and total external assets, respectively, which more than offset the 49.7 per cent decline in Rediscount and Advances. The corresponding increase in liabilities, relative to the first half of 2005 was recorded in other liabilities (80.5 per cent), currency in circulation (20.8 per cent) and deposits (11.0 per cent). The increase of 104.9 per cent in Federal and State Government deposits more than offset the decline in bankers' and 'other' deposits.

ECONOMIC REPORT

3.0 Developments In The Economy

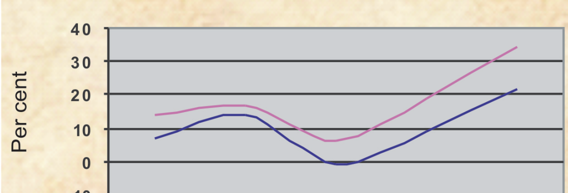
3.1 Monetary and Credit Developments

3.1.1 Money Supply

The growth in monetary aggregates was excessive during the first half of 2006. At ₦3,521.5 billion, broad money supply (M_2) increased by 34.1 per cent over the end-December, 2005 level. This represented an annualised growth rate of 68.2 per cent, compared with the maximum programme target of 17.0 per cent for 2006. Similarly, narrow money supply (M_1), rose by 21.5 per cent to ₦1,866.6 billion, representing an annualised growth rate of 43.0 per cent, compared with the programme target of 13.3 per cent for 2006. The growth in money supply reflected mainly the 35.5 per cent increase in foreign assets (net) of the banking system, arising largely from the increased earnings from crude oil exports, the monetization of part of the excess crude receipts as well as the 15.2 per cent growth in the banking system's domestic credit (net). The decline in “other” asset (net) of the banking system, however, exerted some moderating influence on the growth in M_2.

Figure 13

Growth in Money Supply(Per cent)

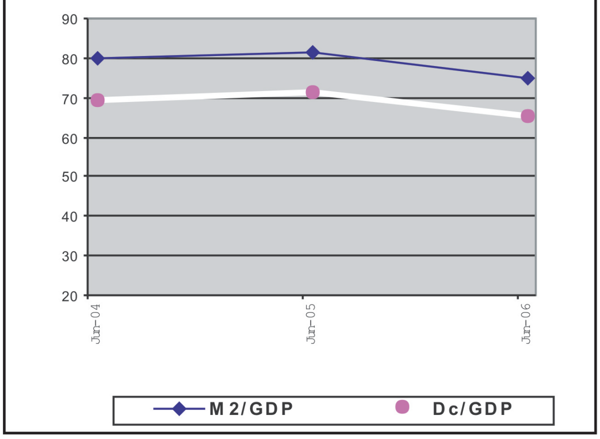


	2002	2003	2004	2005	2006
M1	6.8	13.8	-0.9	9.3	21.5
M2	14.2	16.9	6.5	18.9	34.1

Financial deepening as indicated by the ratio M_2/GDP at end-June, 2006 was 41.3 per cent, compared with 40.5 and 40.3 per cent in the first half of 2004 and 2005, respectively.

Figure 14

Ratio of M2 and Banking System Credit to GDP

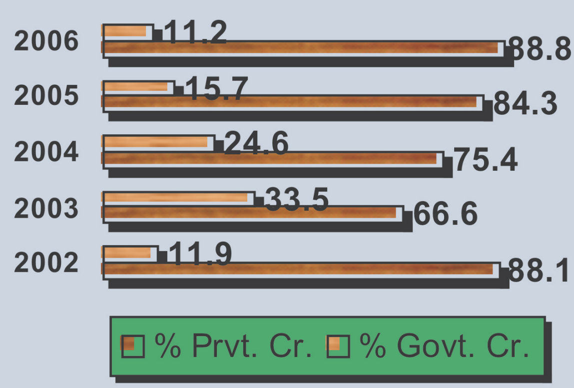


3.1.2 Banking System Credit (Net)

The growth in banking system credit (net) to the domestic economy at the end of first half of 2006 exceeded target for the whole fiscal year. It grew by 16.4 per cent to ₦2,692.6 billion, as against the target of 14.0 per cent for the entire year and the 8.0 per cent recorded in the corresponding period of 2005. The ratio of banking sector core claims on the private sector to GDP was 27.6 per cent at the end of the first half of 2006, compared with the 26.3 and 27.2 per cent in the corresponding half of 2004 and 2005, respectively.

The growth in domestic credit (net) reflected the increase in claims on the private sector. At ₦2,391.9 billion, credit to the private sector showed an increase of 19.2 per cent over the level at end-December 2005, compared with the target of 30.1 per cent for fiscal 2006. The increase in credit to the private sector reflected the rise in the banking systems' claims on the sector. Net claims on the Federal Government declined by 1.7 per cent below the level at end-December 2005, compared with a decline of 57.2 per cent programmed for the fiscal year. The fall reflected largely, the significant increase in Federal Government deposits with the CBN, as claims by DMBs on the federal government actually rose during the period.

Figure 15: Share of Government and Private Sector in Banking System's Credit to the Economy



3.1.3 Money Market Developments

Activities in the money market improved in the first half of 2006 reflecting the persistent excess liquidity in the banking system. Some of the policy actions that boosted money market activities included further liberalisation of the CBN discount window for reverse repo, by allowing DMBs direct access as against the monopoly by discount houses, and the upward review of Minimum Rediscount Rate (MRR) by 100 basis points. Special Nigerian Treasury Bills and CBN Bills were mainly used for open market operations and reverse repo transactions due to the continued shortage of the Nigerian Treasury Bills. Offers at the primary market were generally over-subscribed, as the volume of instruments offered could not satisfy market demand for risk-free and long tenured government securities. There was also a significant patronage by foreign investors at both the primary and open markets, especially for the 1-year tenor. The FGN Bonds of 3, 5 and 7-year tenors were issued and were adequately patronized by both local and foreign investors as the coupon rates were attractive. Moreover, modalities for the commencement of the trading of Federal Government bonds in the secondary market by the Debt Management Office (DMO) were released and fifteen (15) primary market dealers, comprising the five (5) discount houses and ten (10) banks, were appointed.

The value of money market instruments outstanding at end-June, 2006 was ₦1,119.4 billion, showing a decrease of 4.8 per cent from the level at end-December 2005, as against the increase of 10.0 per cent recorded in the first-half of 2005. This development reflected the decrease of 8.0, 16.0 and 13.0 per cent in Commercial Papers (CPs), Development Stock and Nigerian Treasury Bills, respectively. Treasury bills issued to replace maturing ones amounted to ₦801.0 billion, compared with ₦1,408.5 billion in the corresponding period of 2005. Of this amount, subscriptions by DMBs/discount houses and the non-bank public, jointly accounted for 92.7 per cent, compared with 93.2 per cent in the first half of 2005. The decline in treasury investment was attributable largely to the dearth of the intervention securities. The CBN's take-up of the issues was 7.3 per cent of the total, compared with the 6.8 per cent recorded in the corresponding period of 2005.

Treasury bills holding outstanding as at end-June 2006, decreased by 13.3 per cent and 15.0 per cent below the levels at end-December and the corresponding period of 2005, respectively. The decrease resulted from the restructuring of the outstanding NTBs from shorter to longer tenors, and the repayment of 91 and 182-day tenors, which reduced the amounts and number of re-issues in the review period. Analysis of the holdings of outstanding TBs showed that the DMBs and discount houses reduced their investments by 24.2 per cent to ₦541.1 billion. In addition, holdings by non-bank public fell by 5.5 per cent to ₦164.2 billion. The CBN's holding of treasury bills outstanding stood at ₦35.8 billion at the end of the first half of the year, compared with ₦2.2 billion in the corresponding period of 2005.

3.1.4 Inter-Bank Funds Market

The value of transactions in the Inter-bank funds market declined in the first half of 2006. At ₦1,119.4 billion, the total value of transactions in the market fell by 4.8 per cent, compared with the level in the preceding half year. Analysis of the transactions showed that inter-bank placement was dominant. The structure of the inter-bank transactions reflected the short-term nature of funds traded and the risk element inherent in the market. The inter-bank call rate averaged 8.3 per cent in June 2006, compared with 7.1 and 5.48 per cent in December 2005 and the corresponding period of 2005 respectively.

3.1.5 Interest Rates

Available data indicated a mixed development in banks' deposit and lending rates in the first half of 2006. The average savings deposit rate fell by 0.35 and 1.07 percentage points to 2.96 per cent from 3.32 and 4.03 at end-December and end-June 2005. Other rates on deposits of various maturities rose from a range of 4.56 - 9.14 per cent in December 2005 to a range of 4.78 - 9.62 per cent at end-June, 2006. Average prime and maximum lending rates, however, declined to 16.5 and 18.1 per cent in June 2006 from 17.8 and 19.5 per cent, respectively, in December 2005. The decline in banks' lending rates was traceable to the effects of the liquidity and competition engendered in the banking system by the just concluded consolidation exercise. The spread between banks' weighted average deposit and maximum lending rates stood at 11.2 percentage points in June 2006, while the margin between the average savings deposit and maximum lending rates was 15.2 percentage points. With the estimated year-on-year inflation rate at 8.5 per cent in June, most of the term deposit rates were negative in real terms.

Figure 16: Nominal Interest Rates Movement

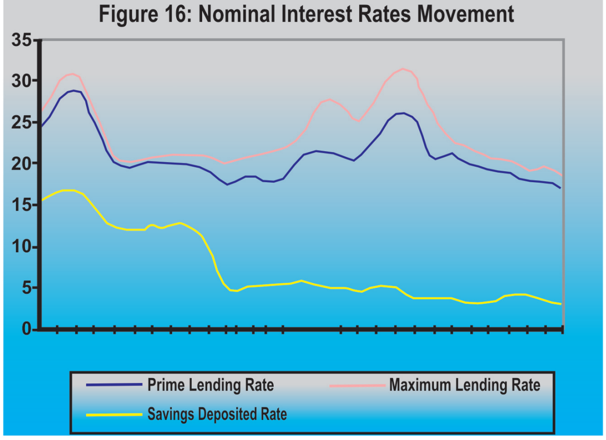
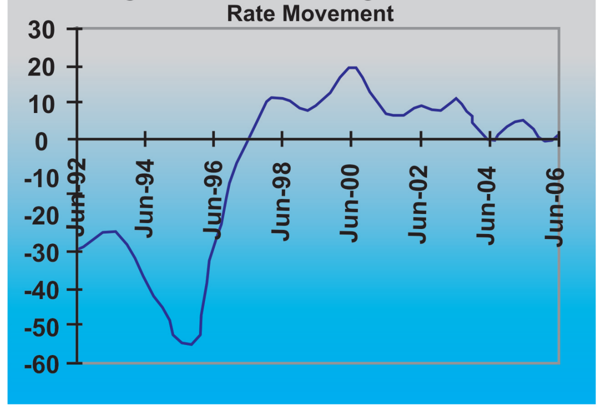


Figure 17: Prime Lending Real Interest Rate Movement



3.1.6 Financial Savings

Total financial savings as at end-June, 2006 amounted to ₦1,864.4 billion, indicating an increase of 0.6 per cent over the level in December, 2005. The DMBs remained the dominant major depository institution, accounting for 90.9 per cent of total institutional savings at end-June 2006, compared with 89.1 and 90.8 per cent recorded at end-June and end-December 2005, respectively. Other institutions, including primary mortgage, life insurance funds, the Nigerian Social Insurance Trust Fund, and community banks held the balance of 9.1 per cent.

3.1.7 Capital Market Developments

Transactions on the Nigerian Stock Exchange (NSE) were bullish. Aggregate volume and value of traded securities rose by 24.5 and 67.4 per cent to 12.3 billion shares and ₦167.6 billion, respectively, compared with 9.9 billion shares and ₦100.1 billion recorded in the corresponding period of 2005. A sectoral analysis of developments in the market showed that the banking sub-sector remained the most active on the Exchange. Portfolio re-alignment arising from the banking sector consolidation boosted trading, with transactions in bank shares standing at 9.1 billion valued at ₦93.6 billion. In volume terms, this was 74.1 per cent of the total stocks traded during the review period. One new sub-sector - Mortgage Companies - was created during the review period and currently has one equity listed. Overall, there were twenty-five (25) supplementary/capitalization issues during the first half of 2006, comprising mergers/acquisitions, public offers, rights and bonus issues, compared with twenty-two (22) in the corresponding period of 2005. However, nineteen (19) securities were de-listed during the period under review, a fallout of the banking sector consolidation exercise.

The new issues market was vibrant, as the Exchange approved thirty (30) applications for new/supplementary share issues valued at ₦484.1 billion, compared with twenty seven (27) applications valued at ₦282.3 billion at end-June 2005. Of the number of issues approved, 13 applications valued at ₦321.1 billion were finalized. The banking sub-sector dominated the issues approved with fourteen applications valued at ₦279.1 billion, with mergers and acquisition component totalling ₦151.6 billion. In all, the thirty applicants offered a total of 94 billion ordinary shares.

In the bonds segment of the market, the monthly issuance of the 3rd FGN bonds continued during the first half of 2006. The first to the tenth series of the bonds, valued at ₦155.0 billion, were auctioned by the Debt Management Office (DMO) and were substantially oversubscribed, reflecting public confidence in the securities. Subscription and allotment of the bonds were ₦306.1 billion and ₦154.2 billion, respectively. Thus, total new issues in the first six months of the year stood at ₦220.3 billion.

Market capitalisation similarly increased, by 57.9 per cent to close at ₦3.5 trillion, compared with ₦1.9 trillion in June 2005. All-shares index, however, declined by 2.7 per cent to 26,161.15 (1984=100), compared with 26,877.92 (1984=100) in June 2005. The development was due largely to the new listings (including supplementary equity issues) and price appreciations in the equities sector.

The NSE in the effort to improve on its efficiency, commissioned the electronic trading floor of its Kaduna branch during the first half of the year. This would enable brokers in the region to trade real time-on line and, thus, shorten the transactions cycle.

Furthermore, the Exchange secured a grant of US$ 236,410 from the US Trade and Development Agency (USTD) to fund its Disaster Recovery and Systems Back-up. The Council of the Nigerian Stock Exchange approved that technical suspension be lifted two weeks after the closure of application list for all supplementary issues by listed companies. Consequently, the technical suspension on eight stocks was lifted on Monday, 19th June 2006.

The Exchange approved a new fee structure for the Central Securities Clearing Systems (CSCS) on all market transactions from 0.35 per cent to 0.45 per cent on the sell side and 0.1 per cent on the buy side to accommodate the Trade Alert Service aimed at protecting investors' interest. Other market development initiatives included participation in an international investment road show in the USA and visit by IMF team to seek ways of assisting the Exchange in developing new products such as secondary bonds market. Also, a team of assessors from an Italian based Financial Action Task Force (FATF) and representatives of the Economic and Financial Crimes Commission (EFCC) undertook an on-site inspection of the NSE to evaluate the extent of the country's level of compliance with relevant international guidelines and laws on money laundering and financial crimes.

3.1.8 Deposit Money Banks' Activities

The deposit money banks' total assets/liabilities stood at ₦6, 009.7 billion as at end-June 2006, representing an increase of 36.8 and 33.1 per cent over the levels at end-June and end-December 2005, respectively. From the asset side, the development was attributable largely to the rise in claims on central government and other financial institutions. Total funds sourced by the DMBs in the first half of 2006 increased to ₦1,676.4 billion, from ₦911.8 billion in the corresponding period of 2005. The funds were sourced mainly from time, savings and foreign currency deposits (₦457.8 billon); demand deposit (₦449.4 billion); unclassified liabilities (₦394.4 billion); and accretion to capital (₦367.0 billion). The funds were mainly advanced as credits to the Central Government (₦432.3 billion); private sector (₦399.0 billion); and the other financial institutions (₦238.5 billion).

Aggregate credit to the domestic economy by the DMBs rose by 30.9 per cent over the level at end-December 2005 to ₦3,577.4 billion. A breakdown showed that banks' credit to the private sector and the Central Government rose by 22.1 and 64.2 per

cent to ₦2,202.1 billion and ₦1,120.9 billion, respectively, over the levels in the corresponding period of 2005.
The liquidity ratio of banks averaged 61.3 per cent, compared with the stipulated minimum ratio of 40.0 per cent for fiscal 2006. Average loans/deposit ratio of banks as at end-June, 2006 was 64.8 per cent, compared with 80.6 per cent in the corresponding period of 2005.

3.1.9 Discount Houses

Total assets/liabilities of Discount Houses increased by 31.1 per cent to ₦167.4 billion as at end-June 2006, compared with an increase of 93.8 per cent in the corresponding period of 2005. Total funds sourced amounted to ₦40.3 billion, compared with N61.8 billion in June 2005. The funds were sourced largely from the recovery of “other amounts owing” (₦17.9 billion) and recall of placements on money-at-call (₦17.8 billion). The funds were utilised mainly to reduce the indebtedness to banks (₦27.8 billion) and other liabilities (₦4.9 billion). On aggregate, discount houses did not comply fully with the guidelines on the structure of assets. Their investments in Federal Government securities of less than 91 days maturity as at end-June 2006 stood at ₦79.8 billion, representing 55.9 per cent of their total deposit liabilities, compared with 89.1 per cent in June 2005. This was 4.1 percentage points lower than the stipulated minimum level of 60.0 per cent prescribed for fiscal 2006. The discount houses' gearing ratio was 51:1, compared with the stipulated maximum target of 50:1 for the year.

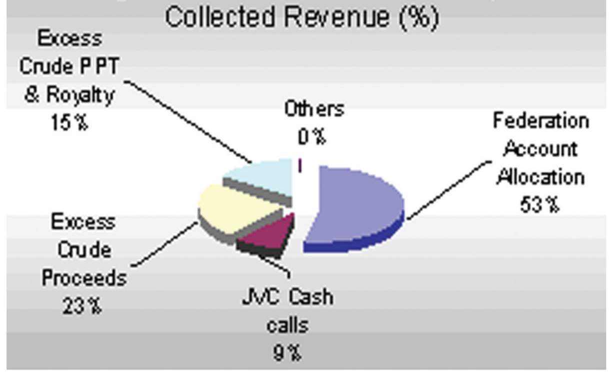
3.2 FISCAL OPERATIONS AND DEVELOPMENTS

3.2.1 Federation Account Operations

Provisional data indicated that total federally-collected revenue in the first half of 2006 stood at ₦2,990.2 billion. Analysis of gross receipts showed that oil revenue accounted for 90.1 per cent, while non-oil revenue accounted for the balance. The total revenue was 43.7 and 27.0 per cent higher than the budgeted estimate for the period and the actual revenue for the corresponding period of 2005, respectively (Table7).

At ₦2,695.2 billion, oil revenue increased by 56.9 per cent over the budgeted estimate, while non-oil revenue fell by 18.9 per cent to ₦294.9 billion. The higher oil revenue reflected largely, the increase in international crude oil prices. The lower non-oil revenue, relative to target, was due mainly to: the implementation of the ECOWAS Common External Tariff (CET) which lowered tariff rates, and the granting of negotiable duty credit certificate to certain categories of exporters by the Nigerian Export Promotion Council. Of the federally-collected revenue, the sum of ₦1, 563.6 billion or 52.3 per cent was transferred to the Federation Account, while 8.8, 38.6 and 0.3 per cent went to Joint Venture Cash-Call (JVC), Excess Crude Oil/PPT/Royalty Account and others, respectively.

Figure: 18 Distribution of Federally-Collected Revenue (%)



3.2.2 Federal Government Finances

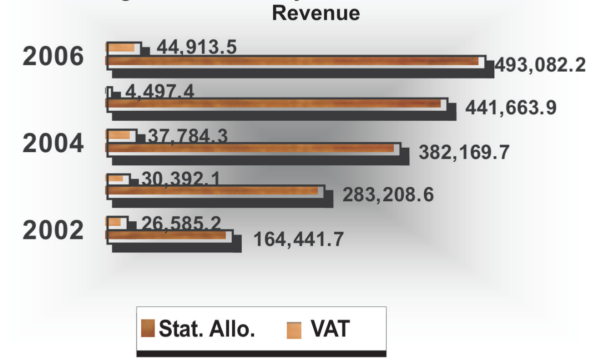
The Federal Government's retained revenue for the period, at ₦772.6 billion was higher than the proportionate budget estimate and the level in the corresponding period of 2005 by 1.5 and 8.2 per cent, respectively. The development was due to the higher crude oil benchmark price of US$35.0 per barrel, which resulted in the distribution of more revenue to the three tiers of government (Table 8).

Total expenditure stood at ₦643.1 billion, and was lower than the proportionate budget estimate and the actual expenditure in the corresponding period of 2005 by 32.3 and 11.7 per cent, respectively. The lower total expenditure resulted from the delay in the release of capital vote. A breakdown of total expenditure showed that recurrent, capital and transfers accounted for 92.4, 1.0 and 6.6 per cent, respectively. Thus, the fiscal operations of the Federal Government resulted in an overall notional surplus of ₦129.5 billion, as against a proportionate budgeted deficit of ₦188.9 billion and actual deficit of ₦14.9 billion in the corresponding period of 2005 (Table 8).

3.2.3 Statutory Revenue Allocation to State Governments

Statutory revenue allocation to State Governments from the Federation and VAT Pool Accounts in the first half of 2006 amounted to N538.0 billion, up by 10.6 per cent from the total receipts during the corresponding period of 2005. A breakdown of the amount showed that statutory revenue allocation from the federation account (including 13.0 per cent derivation revenue allocations to oil producing states) amounted to ₦493.1 billion, while allocation from VAT Pool Accounts was ₦ 44.9 billion. The receipts from the Federation Account rose by 11.6 per cent, while that from the VAT fell by 0.1 per cent when compared with the levels in 2005 (Table 9).

Figure 19: Summary of State Governments Revenue

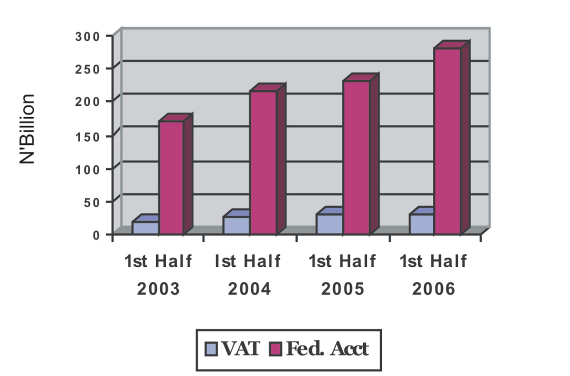


3.2.4 Statutory Allocations to Local Governments

The statutory allocation to the 774 Local Government Councils from the Federation and VAT Pool Accounts was ₦310.4 billion. This was higher than the levels in the second half and the corresponding period of 2005 by 8.6 and 18.1 per cent, respectively. A breakdown of the receipts showed that the Federation Account accounted for 89.8 per cent, as against 91.2 or 88.0 per cent in the preceding half and the corresponding period of 2005. The share of VAT Pool account at ₦31.8 billion or 10.2 per cent of the total was higher than the 8.8 per cent recorded in the second half of 2005, but fell by 1.7 per cent below the level in the corresponding period of 2005 (Table 10).

A further analysis of the cumulative allocation to the local government councils on state basis showed that Kano, Katsina and Oyo ranked highest with 5.8, 4.2 and 4.0 per cent of total, respectively. Conversely, Ebonyi, Bayelsa and F.C.T ranked least with 1.6, 1.2 and 1.0 per cent, respectively.

Figure 20 Local Government Statutory Allocation

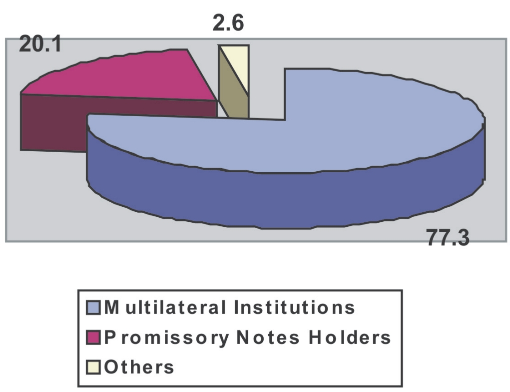


3.2.5 Public Debt

The Federal Government's outstanding securitized domestic debt stood at ₦1,562.6 billion as at end-June 2006, representing an increase of 14.5 per cent over the level at end -June 2005. The increase was due to the issuance of the 3rd FGN Bonds which began in January, 2006. The offer and subscription were ₦155.0 billion and ₦175.9 billion, respectively. The banking system remained the dominant holder of the total outstanding debt with 73.9 per cent, while the non-bank public held the balance of 26.1 per cent. Debt service payments on domestic debt in the first half of 2006 was ₦89.5 billion, which was 22.9 percentage points lower than the budget estimate for the period, but 12.0 percentage points above the level in the corresponding period of 2005 (Table11).

Provisional data from the DMO showed that the stock of external debt of the Federal Government as at end-June 2006 was US$4.85 billion (Table 12). External debt service payments amounted to US$4.74 billion, including the Paris Club debt exit payment of US$4.1 billion. A breakdown of the external debt service payments excluding the Paris Club payment showed that 77.3 per cent went to multilateral institutions, while 20.1 per cent and 2.6 per cent were paid to promissory note holders and other creditors, respectively.

Figure 21: Breakdown of External Dept Service Payments to Creditors



3.3 REAL SECTOR DEVELOPMENTS

The real Gross Domestic Product (GDP), at 1990 constant basic prices rose by 5.3 per cent in the first half of 2006 compared with 5.0 per cent in the corresponding period of 2005. The growth was driven largely by the non-oil sector, which increased by 8.8 per cent and contributed 78.1 per cent to GDP up from 71.8 per cent recorded in the corresponding period of 2005. The main growth drivers were agriculture, general commerce and services. However, the oil sector GDP declined by 4.7 per cent and contributed 21.9 per cent down from 28.2 per cent in the corresponding period of 2005. A sectoral analysis showed that agricultural output, which comprised crop production, livestock, forestry, and fishery, accounted for 42.7 per cent of GDP compared to 38.5 per cent in 2005. The solid minerals and manufacturing sub-sectors contributed 0.3 and 3.6 per cent, respectively. The delivery of social services improved, particularly in the telecommunications sub sector. Inflationary pressures moderated, as the year-on-year inflation rate declined by 5.6 and 10.1 percentage points, respectively, from the levels as at end-June and end-December, 2005, to 8.5 per cent in June 2006. Similarly, the 12-month moving average rate fell from 19.4 per cent recorded in June 2005, but rose from 12.9 per cent in December 2005 to 15.5 per cent in June 2006.

3.3.1 Agricultural Production and Prices

The improved performance in agricultural output observed in recent years was sustained in the first half of 2006. At 181.5 (1990=100), the provisional aggregate index of agricultural production increased by 6.2 per cent, compared with the 7.3 per cent in the first half of 2005. All the sub-sectors contributed to the observed growth. The output of staples increased by 9.8 per cent, compared with 7.3 per cent recorded in the first half of the preceding year, while 'other crops' increased by 8.1 per cent compared with the 8.3 per cent in 2005. The output of the livestock, fishery and forestry sub-sectors rose by 4.3, 10.2 and 17.9 per cent, respectively.

The improvement in agricultural output was attributed largely to the good weather conditions, especially the adequate and well-distributed rainfall. The several intervention measures of the government, especially the Presidential initiatives on some crops, the National Fadama Project and the National Special Programme for Food Security, helped to boost agricultural production. Others included the subsidy on fertilizer and the zero tariffs on imported agro-chemicals as well as the tightening of controls on illegal importation of agricultural products. However, the inadequate supply of farm inputs, especially fertilizers persisted. The outbreak of the highly pathogenic avian influenza (bird flu) in the poultry sub-sector, initially led to a reduction in consumption, price and output. However, governments' response to contain the spread of the disease, helped to buoy consumption.

The prices of most of Nigeria's major agricultural export commodities, at the London Commodities Market, increased in the first half of 2006. At 92.78 (1990=100), the dollar-based all commodities price index rose by 4.5 per cent over the level in the first half of 2005. Further analysis showed that of the six commodities monitored, the price indices of four: palm oil, cocoa, cotton and coffee rose by 3.9, 4.8, 6.3 and 23.1 per cent, respectively. The increase in the prices of the commodities was attributed mainly to supply shortages in the international market due to the adverse weather condition in some producing countries. Also, the increased international demand for cocoa and coffee induced higher prices. However, the price indices of soya bean and copra declined by 6.0 and 18.6 per cent, respectively, due to weak international demand. In Naira terms, the all commodity price index at 8,494.2 (1990=100), rose by 4.7 per cent, relative to the level in the first half of 2005. The price development (in Naira terms) of the monitored commodities followed a similar pattern to what was observed in the US dollar equivalents.

3.3.2 Industry

Aggregate industrial output in the first half of 2006 fell marginally. The index of industrial production, at 158.4 (1985=100), fell by 0.3 per cent below the level in the preceding half year, but increased by 2.1 per cent when compared with the level achieved in the corresponding period of 2005. The fall in output relative to the second half of 2005 was attributable to the decrease of 13.7 and 0.5 per cent in electricity consumption and mining production, respectively.

3.3.2.1 Manufacturing

At 145.9 (1985=100), the index of manufacturing production, remained the same as in the preceding half year, but fell by 1.8 per cent when compared to the level in the corresponding period of 2005. The estimated aggregate manufacturing capacity utilization rate declined by 3.3 percentage points below its level in the corresponding period of 2005 to 45.1 per cent. The poor performance of the sub-sector was attributed largely to the weak demand for local manufactures and high cost of production. The rising cost of production was traceable to the high cost of maintaining power-generating sets, following the incessant power outages. Stiff competition from cheap imports, some of which were banned but still found their way into the country, also had a dampening impact on manufacturing production.

3.3.2.2 Crude Oil

Nigeria's crude oil production, including condensates, averaged 2.25 million barrels per day (mbd) or 407.25 million barrels in the first half of 2006. This represented a decline of 6.3 per cent, when compared with the 2.4 mbd or 432.0 million barrels in the second half of 2005 and 2.34 mbd or 4.0 percent in the first half of 2005. The contribution of Oso condensate was estimated at 14.51 million barrels (3.6 per cent of total output) compared with 11.55 million barrels in the second half of 2005. The decrease in Nigeria's oil output was attributed largely to the supply disruptions in the Niger Delta. Aggregate export of crude oil averaged 325.80 million barrels, compared with 351.1 million barrels in the preceding half-year and 340 million barrels in the corresponding period of 2005. A total of 162.9 million barrels of crude oil was supplied to the Nigerian National Petroleum Corporation (NNPC) for local refining out of which 98.0 million barrels or 60.0 per cent was processed, while 64.89 million barrels or 40.0 per cent was exported.

The average spot price of Nigeria's reference crude, the Bonny Light (37^0 API), stood at $66.48 per barrel in the first half of 2006. This represented an increase of 9.3 and 32.3 per cent when compared with $60.83 and $50.24 per barrel in the preceding half-year and the corresponding period of 2005, respectively. The average prices of the Forcados, UK Brent and West Texas Intermediate also rose by 32.1, 32.3 and 30.1 per cent to $65.8, $65.3 and $66.8 a barrel, respectively. The average price of OPEC's basket of eleven crude streams rose from $54.78 per barrel in the second half of 2005 to $61.44 a barrel in the first half of 2006. The high price of crude oil reflected the increase in demand for crude oil from China and the USA because of the severe winter and the supply disruptions in some producing countries, especially Iraq, Mexico and Nigeria.

3.3.2.3 Gas

Estimated aggregate output of natural gas rose by 5.0 and 3.9 per cent to 30.2 million cubic meters (MMm^3), compared with 28.8 MMm^3 and 29.1 MMm^3 in the preceding half year and corresponding period of 2005. The increase was attributed to the expansion in the production of non-associated gas. Of the total output, gas flared was 9.4 MMm^3 as against 11.6 MMm^3 each in the preceding half-year and the corresponding period of 2005. The volume utilized for various purposes rose by 21.0 and 18.9 per cent to 20.8 MMm^3, compared with 17.1 MMm^3 and 17.5 MMm^3 in the second half and first half of 2005, respectively.

3.3.2.4 Solid Minerals

The reforms in the solid minerals sub-sector that started in 2005 were sustained in the review period. The reforms are aimed at repositioning the sub-sector for greater private sector participation and increased contribution to the national income. Consequently, the Ministry advertised for bids for solid minerals deposits and received expressions of Interest from investors. The production of solid minerals slowed down as the Ministry of Solid Minerals Development (MSMD) undertook the recertification of mining leases and licences of industry operators.

3.3.2.5 Electricity Generation

At 2,880.4 mega-watts per hour (Mw/h), total electricity generation in the country fell by 3.8 per cent from the 2,993.7 Mw/h attained during the second half of 2005, but rose by 12.3 per cent over the level achieved in the first half of 2005. The decline in electric power generation relative to the second half of 2005 was attributed largely to the disruption of gas supplies to the thermal stations following the attacks on gas pipelines and installations by youths in the Niger Delta area as well as the rehabilitation being carried out at the hydro power stations.

3.3.2.6 Electricity Consumption

At 1,778.75 Mw/h, total electricity consumption in the country declined by 3.3 and 6.8 per cent, respectively, from the levels in the preceding half-year and the corresponding period of 2005. All the components of electricity consumption contributed to the fall. Residential consumption accounted for 63.2 per cent of the total, while commercial consumption accounted for 26.2 per cent, industrial and street lighting consumption accounted for only 9.7 and 0.3 per cent, respectively. The decrease in electricity consumption relative to the preceding half year was attributed to the vandalization of transmission and distribution lines. In addition, there were various forced/planned power outages and emergency load shedding.

3.3.3 Industrial Sector Financing

3.3.3.1 Nigeria Export Import Bank [NEXIM]

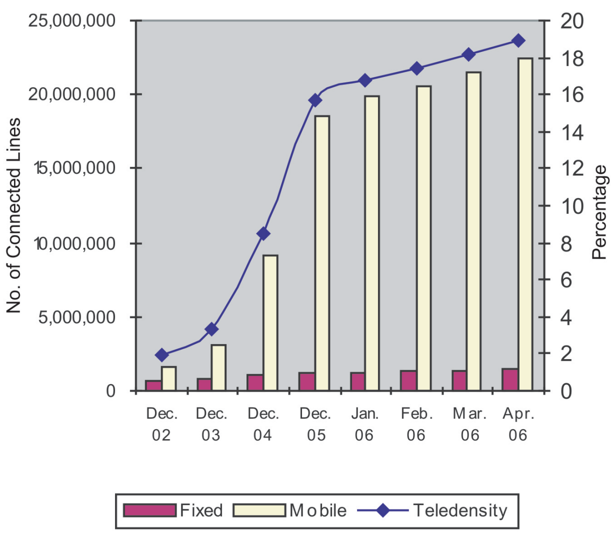
Total disbursement by the Nigeria Export Import Bank (NEXIM) to various beneficiaries in the first half of 2006 was ₦2,206.9 million, representing an increase of 297.8 per cent when compared to the sum disbursed in the preceding half year. Of the total amount, the sum of ₦2,089.95 million was disbursed under the Direct Lending facility for the exportation of various products in the manufacturing, oil & gas, solid minerals and services sub-sectors, while the sum of ₦106.77 million was disbursed under the Short-term Guarantee Facility.

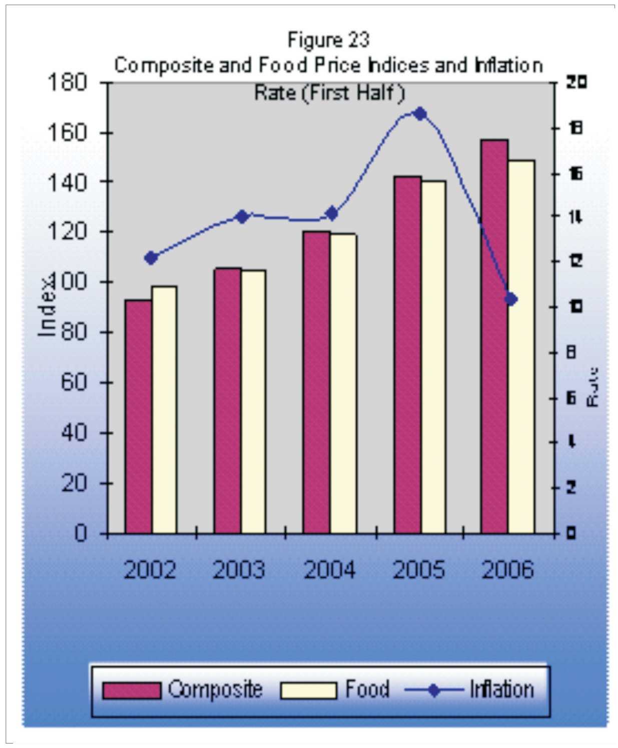
A sectoral breakdown of the disbursement showed that the manufacturing sub-sector dominated with ₦1,175.5 million or 53.3 per cent of the total amount disbursed. The oil and gas sub-sector followed with 27.2 percent while services, agriculture and solid minerals sub-sectors received 14.4, 3.2 and 2.0 per cent of total disbursement, respectively.

3.3.4 Telecommunications

The growth observed in the telecommunications sector was sustained in the first half of 2006. Available data from the Nigerian Communications Commission (NCC) indicated that the total number of connected telephone lines grew by 20.2 per cent, from 19.8 million lines as at December 2005 to 23.8 million lines as at April 2006. The growth in the sector was attributed to the developments in the mobile telephone sub-sector. The number of lines increased by 20.5 per cent, from 18.6 million as at December 2005 to 22.4 million as at April 2006. Also, the number of fixed telephone lines increased by 16.4 per cent to 1.4 million as at April 2006.

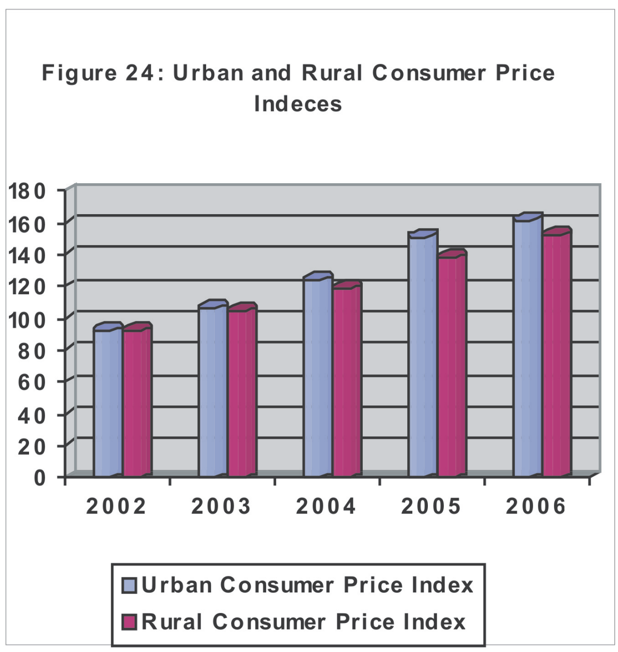
Figure: 22
Total Connected Lines and Teledensity





3.3.5 Consumer Prices

The moderation in the rate of change of consumer prices experienced during the last quarter of 2005 was sustained in the first half of 2006, notwithstanding the fact that, overall, prices maintained an upward trend. Available data showed that the all-item composite Consumer Price Index (CPI) increased from 151.3 (May 2003 = 100) in March 2006 to 157.1 in June 2006, compared with the increase from 135.0 to 142.3 in the corresponding period of 2005. The development was attributable to the following components: food; food and non-alcoholic beverage; clothing & footwear; housing, water, electricity, gas & other fuel; health; communication; recreation & culture; and restaurant and hotel items, all of which increased during the review period. The year-on-year inflation rate fluctuated between 11.6 per cent at end-December 2005 and 8.5 per cent in June 2006. When compared with June 2005, the rate declined by 5.6 percentage points at the end of June 2006. The decline in inflationary pressure was largely attributed to the large stock of agricultural products, following the good harvest recorded in 2005 as well as the sound macroeconomic policies pursued during the period. The 12-month moving average rate of inflation, however, rose from 12.9 per cent in June 2005 to 15.5 per cent in June 2006.



3.3.6 Demography

The National Population Commission (NPC) conducted the national head count from 21st to 27th March, 2006. In addition, the NPC conducted a Post Enumeration Survey (PES) from June 20 - 26, 2006.

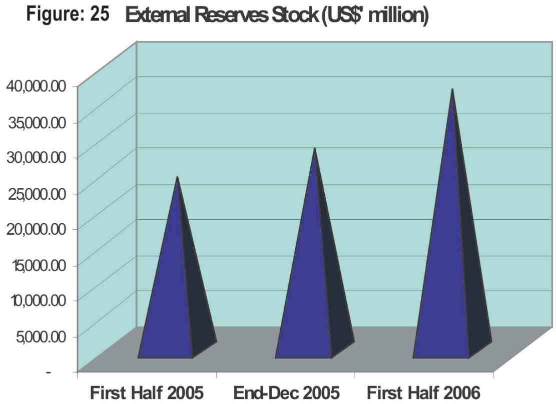
3.4 External Sector Developments

3.4.1. Balance of Payments

The performance of the external sector improved significantly during the first half of 2006 as the estimated overall balance of payments surplus increased to ₦1,029.5 billion from ₦870.3 billion in the first half of 2005. The outcome was driven by the robust goods account, occasioned by the sustained favourable crude oil price in the international market, despite the decline in the volume of exports. Consequently, the current account surplus increased by 46.5 per cent in the first half of 2006 to ₦2,003.3 billion. In contrast, the deficit in the capital and financial account widened to ₦962.8 billion from ₦488.1 billion in the corresponding half of 2005.

The naira exchange rate appreciated to ₦127.7 per US dollar under the newly introduced Wholesale Dutch Auction System (WDAS). This development was as a result of further liberalization of the foreign exchange market, reinforced by the robust external reserves position. Despite the Paris Club debt exit payments of US$4.1 billion in April, the stock of external reserves increased by 28.5 per cent to US$36.5 billion, compared with US$28.4 billion at end-December 2005 and US$ 24.37 billion at end-June 2005. The level of reserves could finance 23.0 months of current import commitments, as against 18.6 months in the corresponding period of 2005.

Figure: 25 External Reserves Stock (US$' million)



3.4.1.1 The Current Account

The current account surplus, which stood at ₦1,367.1 billion in the first half of 2005, rose by 46.5 per cent to ₦2,003.3 billion. This development was attributable to the improved export earnings, occasioned by the higher price of crude oil coupled with the substantial increase in current transfers (net). Specifically, the average crude oil price increased by 33.3 per cent to US$66.48 per barrel. The goods account improved from a surplus of ₦1,407.5 billion in the first half of 2005 to ₦1,704.1 billion. The combined deficit in the services and income accounts and the surplus in the current transfers increased over their levels in the first half of 2005.

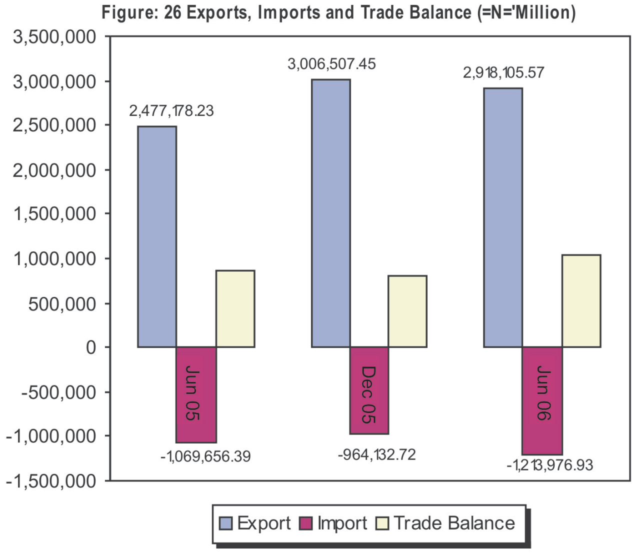
3.4.1.2 Goods Account

Transactions on goods (trade) account increased by 21.1 per cent to ₦1,704.1 billion, reflecting the increase in both imports and exports over their levels in the first half of 2005. Total export receipt was ₦2,918.1 billion, an increase of 17.8 per cent from the ₦2,477.2 billion recorded in the corresponding half of 2005. Besides the favourable crude oil price, other drivers of trade included the harmonisation of tariffs, ports reforms and the need to grow the industrial sector. The oil sector exports increased by 22.5 per cent to ₦2,868.2 billion, and the non-oil components by 22.3 per cent to ₦49.9 billion from their levels in the corresponding period of 2005. The shares of oil and non-oil in total exports were 98.3 and 1.7 per cent, respectively.

Non-oil export proceeds by the top 100 exporters amounted to US$371.2 million indicating an increase of 18.3 per cent above the level in the corresponding period of 2005. Export proceeds of the sub-sectors, namely agriculture and manufacturing rose from US$177.8 million and US$116.7 million in the corresponding period of 2005 to US$183.4 million and US$159.0 million, respectively. While export proceeds by the 'others' category declined from US$42.6 million in the corresponding period of 2005 to US$28.8 million. In terms of share of total, agricultural and manufacturing sub-sectors and “others” accounted for 49.4, 42.8 and 7.8 per cent, respectively.

Total imports, at ₦1,214.0 billion, increased by 18.1 per cent, reflecting an increase of 38.6 and 21.0 per cent in oil and non-oil sector components, respectively.

Figure: 26 Exports, Imports and Trade Balance (=N='Million)



3.4.1.3 Services and Income

The deficit in the services and income accounts widened to ₦338.7 billion from ₦332.0 billion in the first half of 2005. The development was due to the large payments in respect of freights, professional and technical services, operational leasing and interest payments on scheduled debt service.

3.4.1.4 Current Transfers

The surplus in the current transfers account (net) rose by 118.8 per cent from ₦291.6 billion in the first half of 2005 to ₦637.9 billion. This development was influenced by the private sector inflows, particularly, personal home remittances, which offset the deficit arising from payments in respect of Nigerian embassies and international organizations.

3.4.1.5 Capital and Financial Account

The deficit in the capital and financial account widened to ₦962.8 billion from ₦488.1 billion recorded in the first half of 2005. However, foreign direct and portfolio investments improved during the review period. The increased capital flow to the economy was attributable to the favourable credit ratings; delisting of the country by the Financial Action Task Force (FATF); transparency initiative in the crude oil sector; relative macroeconomic stability; and the robust external reserves position, all of which engendered investors' confidence in the economy. The "other sectors" account, however, recorded a deficit of ₦360.7 billion, as against a surplus of ₦48.6 billion in the first half of 2005.

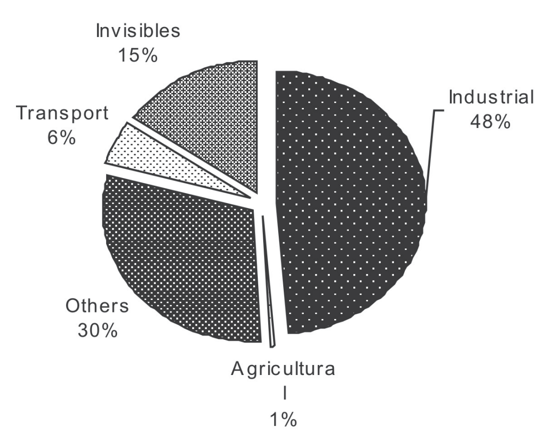
3.4.2 External Assets

Provisional data indicated that Nigeria's external assets as at end-June, 2006 stood at ₦5,028.3 billion (US$39.5 billion), representing an increase of 27.8 and 17.5 per cent over the levels at the end of the first and second halves of 2005, respectively. The CBN and DMBs holdings are 88.3 and 11.7 per cent of the total external assets, respectively. The net foreign assets of the DMBs, at ₦584.4 billion (US$4.6 billion) at end-June, 2006, rose by 32.8 and 34.8 per cent over the levels at end-June and end-December, 2005.

3.5 Sectoral Utilization of Foreign Exchange

Sectoral utilization of foreign exchange during the first half of the year was estimated at US$6,015.8 million, representing a significant decline of 24.5 and 12.8 per cent in the preceding half-year and corresponding period of 2005, respectively. An analysis of the foreign exchange utilization showed that the industrial and agricultural sectors accounted for 48.7, 0.5 per cent compared with 48.0, 0.5 per cent in the preceding half year and 45.0, and 1.1 per cent in the corresponding period of 2005. The shares of "other" sub-sectors comprising finished goods, transport and invisibles were 29.9, 5.5 and 15.4 per cent, compared with 26.0, 9.3 and 16.2 per cent in the preceding half-year and 31.1, 11.0 and 11.7 per cent in the corresponding period of 2005.

Figure: 27 Sectoral Utilization of Foreign Exchange



Wholesale Dutch Auction System (WDAS)

Prior to the adoption of the Wholesale Dutch Auction System (WDAS) on February 20, 2006, the authorized dealers were required to bid for customers as against the current policy of bidding on their own account and sell the foreign exchange to their customers. The *current policy allows the CBN to engage in active trading with the authorized dealers. The change in policy was intended to further liberalise the foreign exchange market, foster a unification of exchange rates between the official and inter-bank markets, reduce the wide premium in the bureaux-de-change, facilitate an effective market determination of exchange rate for the Naira and consolidate the gains of the retail DAS. Its implementation has assisted in reducing transaction cycles, easing the price discovery, narrowing the premium between the official and bureau-de-change from 13.6 per cent on February 18, 2006 to an average of 7.6 per cent during the first six months of 2006 and consequently moderating exchange rate fluctuations.*

Figure 28: Nominal Exchange Rates Movement

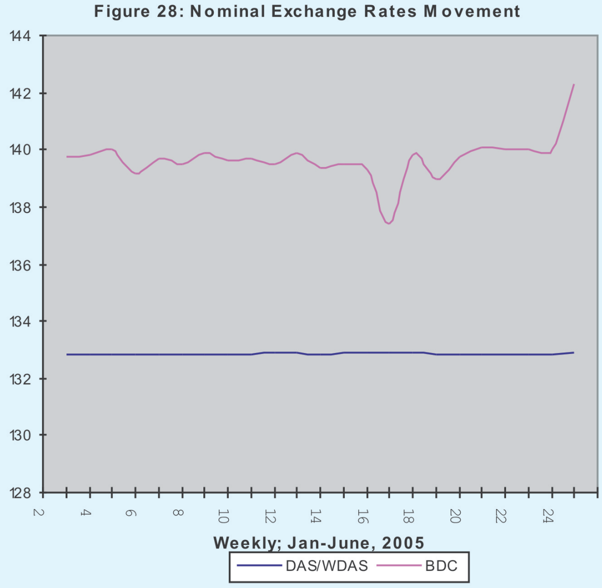
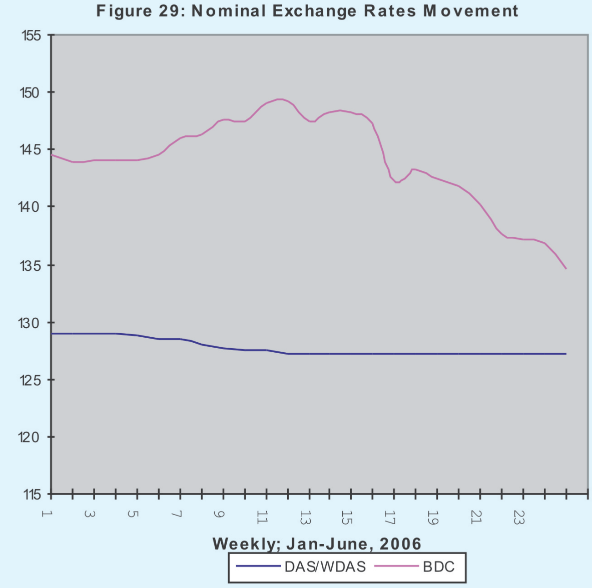


Figure 29: Nominal Exchange Rates Movement



The average marginal exchange rate of the naira vis-à-vis the US dollar at ₦127.71 at the end of June 2006, appreciated by 3.9 per cent in the official market over the level in the corresponding period of 2005. However, at the bureaux de change (BDC) segment of the market, the naira traded at an average of ₦143.69 per US dollar, representing a depreciation of 2.7 per cent below the level in the corresponding period of 2005. Consequently, the premium between the official and BDC rates increased to 12.6 per cent from 5.3 per cent in the corresponding period of 2005. On the basis of end-period, the exchange rate was ₦127.17 at end-June 2006 compared with ₦132.87 at end-June 2005.

4. INTERNATIONAL ECONOMIC AND MONETARY DEVELOPMENTS

4.1 Global Macroeconomic Developments

Developments in the global macroeconomic environment showed that output in the industrial countries continued to grow at an accelerated pace despite the instability caused by the surge in international crude oil prices. Global real GDP remained steady at 4.9 per cent, same as in the corresponding period of 2005. However, growth momentum was projected to decelerate in the United States (US), which could hamper growth prospects in the second half of the year. Monetary policy stance was largely contractionary, while the stock markets improved, especially the bond markets with lower short-term and long-term real interest rates. Property price inflation slowed substantially in a number of countries, including the US, implying less stimulus for private consumption.

4.2 International Oil Market

The upward movement in crude oil prices observed in December, 2005 continued in the first half of 2006, owing mainly to the cold weather in the Northern hemisphere and the restricted flow of Western crude to the East due to reduced profit margins. The tight regional supply in the Eastern region supported high prices in the Asian markets.

At US$54.78 per barrel, the price of the OPEC basket rose to an average of US$61.44 in the first half of 2006. The development was due to the pressure exerted on refinery margins by unplanned refinery outages, especially in the US, increased demand from China, India and Germany; persistent tension in the Middle East and spurts of violence in the Niger Delta area of Nigeria.

Estimated world crude oil demand rose by 1.2 per cent to 83.79 mbd from 81.67 mbd in the corresponding period of last year. The increased demand was attributed primarily to the strong economic boom experienced in China and India. On the supply side, a 1.2 per cent increase over the 2005 level was recorded during the first half of 2006, with an average of 84.37 mbd compared with 83.23 mbd. The increase resulted from the addition to the global crude supplies through Iraq's resumed production.

4.3 International Economic Relations

4.3.1 IMF/World Bank Meetings

The Spring Meetings of the International Monetary Fund (IMF) and the World Bank (WB) took place in April 2006 and considered the following issues: global economic prospects; trade; Millennium Development Goals; medium term strategy; clean energy, climate change and development, among others.

4.3.1.1 Growth Prospects

The meeting expressed concerns over the persistence of poverty and widening global imbalance, which could lead to sharp movements in interest and exchange rates, increase in protectionist measures and possibility of a global recession. Ministers of member countries called for a proactive and well-coordinated response to financial sector weaknesses, exchange rate flexibility, fiscal adjustment and structural reforms on the part of industrial and developing countries.

4.3.1.2 Trade

Participants expressed disappointment over the outcome of the Hong Kong Ministerial Meeting in 2005. They observed that the Doha Round had the potential to support growth and reduce poverty in developing countries. The Ministers urged the IMF and the World Bank to give strong support to the negotiations through evaluating and publicizing the harmful effects of trade restrictions, subsidies and rising protectionism on global economic performance and the development of low and middle-income countries.

4.3.1.3 Millennium Development Goals (MDGs)

The Ministers expressed concern that many countries in sub-Saharan Africa and South Asia may not realise the MDGs by 2015, and called for an increase in aid commitments and deepening of debt relief as agreed in 2005. Benchmarking and monitoring of countries involved in the Multilateral Debt Relief Initiative (MDRI) was advocated to ensure that their relief generates net benefits. The World Bank was urged to increase national infrastructure financing given its contribution to poverty reduction. The principle of mutual accountability was affirmed, stressing that increased aid flows must coincide with sound policy formulation to ensure effective use of aid. Member countries pledged to improve governance and fight corruption.

4.3.1.4 IMF's Medium Term Strategy (MTS)

The Ministers accepted the Medium Term Strategy proposed by the IMF to maximize the benefits of economic and financial integration. However, the Fund was urged to exercise firmer surveillance over systemically important industrial and developing economies whose polices have ripple effects on others especially, regarding the issue of financial management. The Ministers were delighted over the Fund's new arrangement for a High-Access Contingent Financing and urged the Fund to focus on promoting a stable macroeconomic framework conducive to private investment, output growth and poverty alleviation in low-income countries.

4.3.1.5 Clean Energy, Climatic Change and Development

The Ministers appreciated the World Bank's efforts to develop an investment framework for clean energy. They recognized that climatic change would have a disproportionately large impact on economic growth and human development in the poorest countries. Consequently, they urged developing countries to take financial responsibility for their historic and current contribution to environmental degradation. They also called for increased investment in refining capacity and alternative energy sources.

4.3.1.6 The International Monetary and Finance Committee (IMFC)

The Committee mandated the IMF to work out the modalities for reducing imbalances in consultation with country authorities. The Committee noted the potential risks to the global economy of the persistent high and volatile oil prices, sudden shift in global financial market conditions, rise in protectionism and the spread of the Avian Flu pandemic. It was positively disposed to the action taken to address the capacity constraints in oil production, and called for supply and demand balance in the oil market over the medium-term with producers, consumers and marketers participating in the dialogue. The Committee emphasized the importance of a successful outcome of the Doha Round by the end of 2006 for global growth and poverty reduction and called on members to resist protectionism in both trade and foreign direct investment.

4.3.1.7 Development Committee

The twin issues of aid effectiveness and governance of the World Bank's Global Monitoring Report formed the focus of discussion of the Development Committee. The Committee observed that the failure of governance creates weakness in service delivery and corruption. They agreed that donors needed to improve on the coordination and effectiveness of delivering resources based on commitment to good governance, accountability and transparency. It agreed with Nigeria's assertion that tracing and recovering looted funds would deter large-scale corruption and make countries take ownership of the development process.

4.4 THE G-24 MEETING

The 22nd Session of the G24 Technical Group meeting was attended by twenty-two countries drawn from Asia, Latin America and Africa including Nigeria. Participants generally agreed that global imbalance should not be left to market forces. Given the necessity of IMF-backed reforms, the Fund should acquaint the G-20 countries of the consequences of global imbalance and work in concert with those countries to correct the situation in order to avoid adverse global consequences. Moreover, quotas should be reviewed to reflect the strength of emerging economies. Other resolutions included the need for caution on financial liberalization given the adverse effects of volatility and crises often associated with capital flows.

4.5 MEETING OF THE BUREAU OF THE ASSOCIATION OF AFRICAN CENTRAL BANKS

The meeting of the Bureau of the Association of African Central Banks (AACB) held on March 3, 2006 reaffirmed the need to align AACB- African Union (AU) relationship more rigorously to ensure symmetry between AU's AMCP and its political arrangement. The meeting also approved the reappointment of Cabinet Deloitte to audit the 2005 Accounts of the AACB while the necessary machinery for the competitive appointment of an independent external auditor should be put in place for subsequent appointments. Members agreed to establish the AACB Experts Group on Payments System as approved at the 29th Ordinary Meeting of the Assembly of Governors in Accra, Ghana.

4.6 The International Cocoa Organization (ICCO) and the General Assembly of Cocoa Producers' Alliance (COPAL)

The 129th Executive Committee meetings of the ICCO and the 33rd Extraordinary General Assembly of Cocoa Producers' Alliance (COPAL) were held in London, from 5th- 9th June, 2006.

The Action Programme on Pesticides Residues was put in place to determine the Maximum Residue Levels (MRLs) of pesticides for food products, including cocoa. COPAL members advocated for the inclusion of both producer and consumer countries in the surveys and analysis of data required to ensure objectivity of the programme. The decision to launch an active campaign for the consumption of cocoa and its products in the Russian Federation, China and India, was taken during the meeting.

4.7 Organization of Petroleum Exporting Countries (OPEC) Meetings

The OPEC meetings with other multilateral organizations such as the International Monetary Fund (IMF), the International Energy Agency (IEA) and the European Union (EU) expressed concern on oil price volatility and its impact on the global economy. Both oil consumers and producers agreed that dialogue and openness would go a long way in stabilizing the market. This implied that if consuming nations provided medium-to-long term demand projections, the producers would be better able to make long-term investment plans that would guarantee adequate capacity for the envisaged market.

TABLE 2
OPEN MARKET OPERATIONS AT OMO SESSIONS

Period	Total Bids (=N= 'million)	Amount Sold (=N= 'million)	Average Tenor (Days)	Average Yield (%)
2001				
January	19,611.0	18,411.0	31.5	11.8
February	4,851.6	4,851.6	29.8	14.3
March	34,223.4	33,723.4	30.8	14.8
April	29,408.5	25,808.5	36.0	16.5
May	6,457.0	6,350.0	28.0	16.7
June	42,250.5	39,400.0	39.2	16.8
July	8,567.5	7,517.5	29.8	17.8
August	46,267.0	42,267.0	32.2	17.8
September	55,723.0	54,423.0	32.3	18.2
October	67,827.0	66,077.0	49.0	20.0
November	44,056.5	44,056.5	37.8	19.5
December	44,056.5	44,056.0	18.7	19.8
Total	403,299.5	386,941.5		
Average	33,608.3	32,245.1	32.9	17.0
2002				
January	26,066.3	24,966.3	33.0	20.9
February	64,574.7	62,574.7	43.0	21.9
March	50,802.0	49,302.0	58.0	22.3
April	37,297.0	36,347.0	51.0	22.2
May	82,129.5	76,629.5	48.0	21.6
June	44,320.0	41,420.0	42.0	20.5
July	50,350.0	48,250.0	49.0	19.6
August	71,304.0	69,204.0	49.0	16.8
September	39,790.0	38,640.0	43.0	16.2
October	66,130.3	64,830.3	46.0	16.1
November	100,794.5	57,024.5	35.0	14.6
December	22,800.0	22,800.0	39.0	13.0
Total	656,358.3	591,988.3		
Average	54,696.5	49,332.4	44.7	18.8
2003				
January	84,187.0	80,887.0	32.0	14.2
February	90,054.0	87,544.0	42.0	14.3
March	128,659.1	76,520.0	37.0	14.8
April	79,678.5	47,304.0	42.0	14.1
May	22,517.0	20,617.0	21.0	15.3
June	86,223.0	84,823.0	33.0	15.6
July	135,220.8	134,720.8	37.0	15.8
August	76,345.0	76,115.0	41.0	9.9
September	107,299.8	72,434.8	33.0	13.1
October	12,945.0	12,945.0	30.0	13.5
November	19,362.0	19,182.0	17.0	14.2
December	82,064.5	81,554.5	23.7	14.3
Total	924,555.7	794,647.1		
Average	77,046.3	66,220.6	32.4	14.1

TABLE 2 Cont'd
OPEN MARKET OPERATIONS AT OMO SESSIONS

Period	Total Bids (=N= 'million)	Amount Sold (=N= 'million)	Average Tenor (Days)	Average Yield (%)
2004				
January	135,560.0	133,460.0	39.5	14.5
February	107,055.1	102,995.1	38.6	13.3
March	85,225.0	76,224.0	38.6	14.1
April	62,000.0	62,026.0	36.5	14.5
May	66,400.0	66,426.0	31.3	13.7
June	114,700.0	114,620.0	31.0	13.5
July	98,100.0	98,100.0	34.7	14.4
August	127,737.0	127,707.0	39.3	14.5
September	74,300.0	68,803.0	41.0	13.9
October	125,188.0	109,210.0	28.9	10.6
November	59,450.0	59,450.0	25.7	12.6
December	80,425.0	80,425.0	22.5	12.6
Total	1,136,140.1	1,099,446.1		
Average	94,678.3	91,620.5	34.0	13.5
2005				
January	83,100.0	76,600.0	27.0	12.9
February	170,800.0	134,200.0	27.0	11.5
March	146,720.0	129,270.0	38.0	10.8
April	210,800.0	161,500.0	33.0	10.1
May	155,220.0	119,870.0	42.0	6.3
June	149,080.0	111,600.0	46.9	4.5
Total	915,720.0	733,040.0		
Average	152,620.0	122,173.3	35.7	9.3
July	33,100.0	22,350.0	55.0	3.3
August	30,500.0	22,000.0	31.0	2.8
September	85,500.0	56,350.0	53.0	5.5
October	25,200.0	18,200.0	65.0	2.4
November	15,700.0	15,700.0	34.0	2.4
December	141,600.0	122,200.0	84.0	11.5
Total	1,247,320.0	989,840.0		
Average	165,404.3	131,789.5	44.0	7.2
2006				
January	38,600.0	26,100.0	40.0	11.9
February	360,100.0	200,000.0	93.0	12.4
March	182,600.0	149,000.0	115.0	10.3
April	211,500.0	189,900.0	95.0	8.5
May	159,500.0	133,400.0	205.0	7.7
June	254,300.0	197,200.0	309.0	12.2
Total	1,206,600.0	895,600.0	109.6	10.2

TABLE 3

TREASURY BILLS : ISSUES AND SUBSCRIPTIONS

(Naira million)

Period	Issues	Subscriber: Central Bank	Subscriber: Deposit Money Banks	Subscriber: Non-Bank /1 Public
1999 Monthly Average	110,173.1	59,542.1	27,649.8	21,632.8
2000 Monthly Average	135,761.1	30,391.9	70,195.0	32,439.3
2001				
June	88,640.8	9,735.6	51,580.5	27,324.7
December	207,640.8	136,329.4	41,520.0	29,791.4
2002				
June	207,640.8	71,346.5	77,728.1	58,568.4
December	290,640.8	67,528.5	159,022.7	64,089.6
2003				
June	290,640.8	65,335.0	133,846.8	91,459.0
July	299,024.4	74,544.6	142,239.8	82,240.0
December	381,932.8	195,266.6	99,820.5	86,845.7
2004				
June	240,054.53	13,708.19	78,757.94	147,588.40
December	351,576.95	5,171.43	166,783.31	179,622.21
2005				
June	246,700.00	16,700.00	111,300.00	118,700.00
December	209,610.00	20,210.00	109,400.00	80,000.00
2006				
June	113,600.00	26,400.00	36,400.00	50,800.00

1/ Includes Discount houses, Government parastatals, Savings type institutions etc.
2/ With the commencement of universal banking in January 2001, the dichotomy between banks was removed.

TABLE 4

MONETARY AND CREDIT DEVELOPMENTS

	JUNE 2001	DEC 2001	JUNE 2002	DEC 2002	JUNE 2003	DEC 2003	JUNE 2004	DEC 2004	JUNE 2005	DEC 2005	JUNE 2006
(1) Domestic Credit (net)	643,180.00	829,790.90	1,065,957.00	1,329,401.30	1,642,522.25	1,854,141.60	1,847,585.30	2,020,173.30	2,314,986.70	2,313,387.70	2,664,490.00
(a) Claims on Federal Government (net)	-129,168.80	-25,208.50	126,572.80	373,639.20	549,349.00	552,569.30	453,804.40	485,725.50	474,220.30	306,031.90	360,789.50
By Central Bank	-300,000.00	-178,982.30	-93,162.70	-41,246.80	198,932.70	254,128.60	31,458.90	-6,118.90	-208,407.20	-205,746.30	-638,498.20
By Banks	170,831.20	153,773.80	219,735.50	414,886.00	350,416.30	298,440.70	422,345.50	491,844.40	682,627.50	511,778.20	999,287.70
(b) Claims on Private Sector	772,348.80	854,999.40	939,384.20	955,762.10	1,093,173.25	1,301,572.30	1,393,780.90	1,534,447.80	1,840,766.40	2,007,355.80	2,303,700.50
By Central Bank	9,343.80	10,513.20	9,218.10	7,298.00	9,327.65	8,794.40	13,610.10	15,205.10	17,155.70	16,209.40	69,959.10
By Banks	763,005.00	844,486.20	930,166.10	948,464.10	1,083,845.60	1,292,777.90	1,380,170.80	1,519,242.70	1,823,610.70	1,991,146.40	2,233,741.40
(i) Claims on State and Local Governments	29,956.50	26,796.40	12,244.70	17,326.60	12,845.60	20,234.90	20,561.40	24,631.80	20,495.30	54,526.60	31,649.50
By Central Bank	6.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
By Banks	29,950.00	26,796.40	12,244.70	17,326.60	12,845.60	20,234.90	20,561.40	24,631.80	20,495.30	54,526.60	31,649.50
(ii) Claims on Non-Financial Public Enterprises	879.50	1,080.10	1,796.30	164.30	749.20	212.00	313.20	1,930.80	3,590.60	2,449.40	4,045.80
By Central Bank	879.50	1,080.10	1,796.30	164.30	749.20	212.00	313.20	1,930.80	3,590.60	2,449.40	4,045.80
By Banks	-	-	-	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iii) Claims on Other Private Sector	741,512.80	827,122.90	925,343.20	938,271.20	1,079,578.45	1,281,125.40	1,372,906.30	1,507,885.20	1,816,680.50	1,950,379.80	2,268,005.20
By Central Bank	8,457.80	9,433.10	7,421.80	7,133.70	8,578.45	8,582.40	13,296.90	13,274.30	13,565.10	13,760.00	65,913.30
By Banks	733,055.00	817,689.80	917,921.40	931,137.50	1,071,000.00	1,272,543.00	1,359,609.40	1,494,610.90	1,803,115.40	1,936,619.80	2,202,091.90
(2) Foreign Assets (net)	1,399,643.20	1,432,931.40	1,361,777.10	1,387,197.50	1,417,289.90	1,475,688.80	1,936,613.00	2,712,406.70	3,642,796.40	4,111,359.00	5,568,811.60
By Central Bank	1,109,644.20	1,145,088.30	1,062,779.70	1,007,938.90	1,032,675.10	1,059,111.00	1,517,187.30	2,250,004.70	3,209,402.00	3,671,398.60	4,925,792.30
By Banks	289,999.00	287,843.10	298,997.40	379,258.60	384,614.80	416,577.80	419,425.70	462,402.00	433,394.40	439,960.40	643,019.30
(3) Other Assets (net)	-716,331.20	-946,853.10	-925,679.20	-1,117,104.20	-1,189,931.20	-1,344,638.60	-1,670,916.90	-2,468,992.10	-3,124,128.70	-3,798,291.60	-4,711,773.30
Total Monetary Assets	**1,326,492.00**	**1,315,869.20**	**1,502,054.90**	**1,599,494.60**	**1,869,880.95**	**1,985,191.80**	**2,113,281.40**	**2,263,587.90**	**2,833,654.40**	**2,626,455.10**	**3,521,528.40**
Quasi-Money 1/	522,442.00	499,161.50	629,960.80	653,241.20	793,405.30	759,632.50	898,446.50	932,930.10	1,237,064.40	1,089,450.30	1,654,890.20
Money Supply	804,050.00	816,707.70	872,094.10	946,253.40	1,076,475.70	1,225,559.30	1,214,834.90	1,330,657.80	1,596,590.00	1,537,004.80	1,866,638.20
Currency Outside Banks	286,956.00	338,671.20	290,092.20	386,942.30	387,023.40	412,155.20	373,071.80	458,586.50	415,969.10	563,232.00	509,868.50
Demand Deposits 2/	517,094.00	478,036.50	582,001.90	559,311.10	689,452.30	813,404.10	841,763.10	872,071.30	1,180,620.90	973,772.80	1,356,769.70
Total Monetary Liabilities	**1,326,492.00**	**1,315,869.20**	**1,502,054.90**	**1,599,494.60**	**1,869,881.00**	**1,985,191.80**	**2,113,281.40**	**2,263,587.90**	**2,833,654.40**	**2,626,455.10**	**3,521,528.40**
GROWTH RATE OVER THE PRECEDING DECEMBER											
(In Percentages)											
Credit to the Domestic Economy (net)	32.40	70.81	28.46	60.21	23.55	39.47	-0.35	8.95	14.59	14.51	15.18
Credit to the Private Sector	29.59	43.46	9.87	11.79	14.38	36.18	7.08	17.89	19.96	30.82	14.76
Claims on Federal Government (net)	-17.21	77.13	602.10	1582.20	47.03	47.89	-17.87	-12.10	-2.37	-36.99	17.89
By Central Bank	8.87	45.63	47.95	76.95	-582.30	716.12	87.62	102.41	-3305.96	-3262.47	-210.33
Claims on State and Local Governments	296.02	254.25	-54.30	-35.34	-25.86	16.79	1.61	21.73	-16.79	121.37	-41.96
Claims on Non-Financial Public Enterprises	-7.52	13.58	66.31	-84.79	356.00	29.03	47.74	810.75	85.96	26.86	65.18
Claims on Other Private Sector	26.22	40.79	11.87	13.44	15.06	36.54	7.16	17.70	20.48	29.35	16.29
Foreign Assets (net)	9.77	12.39	-4.97	-3.19	2.17	6.38	31.23	83.81	34.30	51.58	35.45
Quasi-Money	31.15	25.31	26.20	30.87	21.46	16.29	18.27	22.81	32.60	16.78	51.90
Money Supply (M1)	26.08	28.06	6.78	15.86	13.76	29.52	-0.88	8.58	19.99	15.51	21.45
Broad Money (M2)	28.03	27.00	14.15	21.55	16.90	24.11	6.45	14.02	25.18	16.03	34.08
Other Assets (net)	1.16	-30.65	2.24	-17.98	-6.52	-20.37	-24.27	-83.62	-26.53	-53.84	-24.05

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 parastatals 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 5

VALUE OF MONEY MARKET ASSETS
(=N=Million)

Instrument	DEC 1995	DEC 2000	JUNE 2001	DEC 2001	JUNE 2002	DEC 2002	JUNE 2003	DEC 2003	JUNE 2004	DEC 2004	JUNE 2005	DEC 2005	JUNE 1/ 2006
Treasury Bills	103,326.5	465,535.8	465,535.8	578,535.8	584,535.8	733,763.5	733,800.0	825,050.0	825,100.0	871577	871577	854828	741080
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
Eligible Development Stocks	0.0	2,406.3	2,334.5	1,830.0	2,300.0	1,630.0	2,400.0	1,470.0	1,030.0	1250	1250	980	820
Certificates of Deposits	48.0	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	19,002.5	29,881.0	35,377.2	34,100.0	37,143.5	37,500.0	37,300.0	65,200.0	88830	182,834.0	194,591.2	179,563.8
Bankers' Acceptances	8,102.4	31,774.9	28,242.0	36,501.2	36,000.0	42,622.1	30,500.0	32,900.0	48,300.0	41620	43,509.7	41,123.5	111,000.0
FGN Bonds*											0	84600	86900
Total	145,108.1	518,719.5	525,993.3	652,244.2	656,935.8	815,159.1	804,200.0	896,720.0	939,630.0	1003277	1099171	1176123	1119364
Percentage Change Over Preceding December													
Treasury Bills		28.7	0.0	24.3	1.0	26.8	0.0	12.4	0.0	6	0	-2	-13
Treasury Certificates		0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.0	0	1	0	0
Eligible Development Stocks		152.6	(3.0)	(23.9)	25.7	(10.9)	47.2	(9.8)	(29.9)	-15	0	-22	-16
Certificates of Deposits		0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.0	0	1	0	0
Commercial Papers		(7.2)	57.2	86.2	(3.6)	5.0	1.0	0.4	74.8	138	106	119	-8
Bankers' Acceptances		165.4	(11.1)	14.9	(1.4)	16.8	(28.4)	(22.8)	46.8	27	5	-1	170
Total		31.3	1.4	25.7	0.7	25.0	(1.3)	0.0	4.8	0	10	17	-5

1/ Provisional
* FGN Bonds of 3 Years tenor

TABLE 6

SELECTED INTEREST RATES

(Per cent at End of Period)

	2002 Dec	2003 Jun	2003 Dec	2004 JUN	2004 Dec	2005 JUN	2005 Dec	2006 Jun
Minimum Rediscount Rate	16.50	16.50	15.00	15.00	15	13	13.00	14.00
Treasury Bills Issue Rate	13.80	16.00	14.50	14.50	16.00	7.99	12.00	14.20
Deposit Money Banks (DMBs)1/								
Savings Deposit Rate	3.7	3.6	3.2	3.3	4.3	4.03	3.32	2.96
Time Deposit Rate (3 months)	13.8	12.7	14.8	12.2	12.8	10.5	9.1	9.95
Prime Lending Rate	20.6	21.1	19.6	19.2	18.9	17.87	17.78	17.08
Maximum Lending Rate	25.7	22.9	21.6	20.7	20.4	19.29	19.54	18.61
Inter-bank Rate (End-Period)	13.94	15.48	21.11	15.04	12.14	5.48	7.00	8.16

1/ Weighted Averages

2/ With the introduction of universal banking in January 2001, data for 2001 represent industry averages for each tenor.

TABLE 7

FEDERATION ACCOUNT OPERATIONS

=N= Billion

	2002 1st Half	2003 1st Half	2004 1st Half	2005 1st Half	2006 1st Half Budget	2006 1st Half
Federally-collected Revenue(Gross)	865.16	1,211.39	1,748.86	2,354.31	2,081.36	2,990.16
Oil Revenue (Gross)	607.28	985.03	1,508.75	2,075.11	1,717.86	2,695.22
Crude oil / Gas Exports	289.86	505.75	790.69	858.92	943.74	1,109.26
PPT and Royalties etc.	183.68	300.38	516.13	825.06	683.12	1,057.99
Domestic Crude Oil / Gas Sales	130.69	156.85	199.77	387.70	44.00	526.51
Other Oil Revenue	3.05	22.05	2.16	3.43	47.00	1.46
Less:	259.44	142.76	497.96	987.65	271.00	1,426.56
JVC Cash calls	201.79	134.64	227.90	278.66	271.00	262.39
Excess Crude Proceeds	-	8.12	172.73	337.99	-	691.61
Excess PPT & Royalty			95.69	368.04	-	461.84
Others	57.65	-	1.64	2.97	-	10.71
Oil Revenue (Net)	347.84	842.27	1,010.79	1,087.46	1,446.86	1,268.66
Non-oil Revenue	257.88	226.36	240.11	279.20	363.50	294.94
Companies Income Tax & Other Taxes	37.59	48.76	57.84	65.99	115.00	105.54
Customs & Excise Duties	89.60	93.64	102.77	111.03	98.50	86.45
Privatisation Proceeds	-	-	-	-	-	
Value-Added Tax (VAT)	50.51	64.99	75.57	89.90	112.50	89.83
Tax on Petroleum Products	5.40	-	-	-	-	
Independent Revenue of Fed. Govt.	55.65	18.52	3.93	12.28	37.50	13.12
Education Tax	1.65	0.45	-		-	-
Customs Levies	-	-				
Others	17.48	-	-	-	-	-
Less:						
Cost of Collection				11.66		
Federally-collected revenue (Net)	605.72	1,068.63	1,250.90	1,366.66	1,798.70	1,563.60
Federation Account Allocation:	620.75	1,080.69	1,250.90	1,366.65	1,798.71	1,563.60
Transfer to AFEM Surplus Account	-	-	-	-	-	-
Deductions for Fertilizer Subsidy				-	-	-
Transfer to Stabilization Account	0.68	-	-	-	-	-
Transfer to Federation Reserve Account	0.36	-	-	-	-	-
Transfer to Federal Govt. Ind. Revenue	55.65	18.52	3.93	12.28	37.50	13.12
Transfer to VAT Pool Account	50.51	64.99	75.57	89.90	112.50	89.83
Transfer to Education Tax Fund				-	-	-
Transfer to Custome Levies				-	-	-
Deductions for 13% Derivation arrears				-	-	-
National Judicial Council	-	-	-	-	-	-
Transfer to Others	31.49	-	-	-	-	-
Amount Distributed	476.95	997.18	1,171.40	1,264.48	1,648.71	1,460.66
Federal Government	221.95	506.04	554.23	591.45	769.47	681.86
State Government	117.92	228.77	281.10	299.99	390.28	345.85
Local Government	100.14	190.65	216.72	231.28	300.89	266.63
13% Derivation	36.94	71.72	119.35	141.76	188.07	166.32
Vat Pool Account	50.51	64.99	75.57	89.90	108.00	89.83
FG	7.58	9.75	11.34	13.48	16.00	13.47
SG	25.26	32.50	37.79	44.95	59.50	44.91
LG	17.68	22.75	26.45	31.46	32.50	31.44
Special Funds (FGN)	5.11	42.47	26.02	39.52	62.50	46.42
Federal Capital Territory	1.36	6.86	8.68	9.39	15.00	11.10
Ecology	2.71	10.10	8.68	9.66	15.00	11.10
Statutory Stabilization	0.68	4.94	4.32	4.69	7.50	5.55
Natural Resources	0.36	20.57	4.34	15.77	25.00	18.66
Overall Balance	-15.03	-12.06	0.00		0.00	0.00

1/ Provisional

Source: Federal Ministry of Finance

TABLE 8
SUMMARY OF FEDERAL GOVERNMENT FINANCES
(=N=Billion)

	2001 1st Half	2002 1st Half	2003 1st Half	2004 1st Half	2005 1st Half	2006 1st Half Budget	2006 1st Half
Total Federal Government Retained Revenue	**334.67**	**284.91**	**501.41**	**574.48**	**713.70**	**761.10**	**772.61**
Share of Federation Account	268.48	221.95	471.65	554.21	591.45	**708.50**	**681.86**
Share of VAT Pool Account	6.19	7.31	8.89	11.34	13.48	**15.10**	**13.47**
Federal Government Independent Revenue	11.54	55.65	19.59	3.93	12.28	**37.50**	**13.12**
Privatisation Proceeds	-	-	-	-	-	-	-
Custom Levies	-	-	-	-	-	-	-
Loan recovery from states	-	-	0.07	-	-	-	-
TBs/Bonds issued/retired	48.46	-	-	-	-		-
FIRS Tax recovery	-	-	-	-	-	-	-
Others	-	-	1.21	5.00	7.07	**0.00**	35.25
Share of Excess Crude Account	-	-	-	-	89.42	**0.00**	28.91
	-	-	-	-			
Total Expenditure	**490.66**	**404.42**	**608.81**	**711.04**	**728.61**	**950.00**	**643.08**
Recurrent Expenditure	**304.29**	**328.88**	**456.19**	**490.30**	**535.55**	**620.20**	**594.09**
Goods and Services	**249.94**	**242.75**	**278.28**	**309.64**	**378.38**	**475.45**	**476.05**
Personnel Cost	-	-	-	-	216.62	263.80	267.49
Pension	-	-	-	-	34.31	49.90	42.73
Overhead Cost	-	-	-	-	79.65	102.25	116.22
FCT & Others	-	-	-	-	46.90	0.00	48.71
FCT VAT	-	-	-	-	0.90	-	0.90
NJC	-	-	-	-	-	-	-
Federal Govt. External Obligations	-	-	-	-	-	0.00	-
Federal Govt Extra-Budgetary Expenditure	-	-	-	-	-	0.00	-
Advance (Pilgrims Welfare Board)	-	-	-	-	-	0.00	-
Loan repayments (to JVC)/credit reversals	-	-	-	-	-	0.00	-
Others	-	-	-	-	-	59.50	-
Interest Payments	**54.35**	**86.13**	**177.91**	**180.66**	**157.17**	**144.75**	**118.03**
Foreign	0.00	0.00	96.79	96.85	96.85	34.75	96.85
Domestic 2/	54.35	86.13	81.12	83.81	60.32	110.00	21.18
Capital Expenditure & Net Lending 3/	**183.87**	**69.25**	**148.67**	**199.54**	**155.21**	**284.00**	**6.48**
Domestic Financed Budgets	**173.82**	**59.98**	**148.67**	**198.15**	**155.21**	**264.25**	**6.48**
Budgetary	173.82	59.98	148.67	198.15	155.21	264.25	6.48
Arrears	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfer to States	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Foreign Financed	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Deferred Customs Duties	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Capital Repayments	**0.14**	**7.43**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Foreign	0.00	7.43			0.00	0.00	
Domestic	0.14	0.00	0.00	0.00	0.00	0.00	0.00
Local Contractor Debt	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**12.50**	**0.00**
Debt on National Priority Projects	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Net Lending	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Others	**9.91**	**1.84**	**0.00**	**1.39**	**0.00**	**7.25**	**0.00**
Transfers	**2.50**	**6.29**	**3.95**	**21.20**	**37.85**	**45.80**	**42.51**
NDDC	2.50	6.29	1.00	7.00	14.40	13.05	10.33
NJC	0.00	0.00	2.95	14.20	16.50	17.50	17.50
UBE	0.00	0.00	0.00	0.00	6.95	15.25	**14.68**
Balance Of Revenue And Expenditure	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Current Surplus(+)/Deficit(-)	**30.38**	**-43.97**	**45.22**	**84.18**	**178.15**	**140.90**	**178.52**
Overall Surplus(+)/Deficit(-)	**-155.99**	**-119.51**	**-107.40**	**-136.56**	**-14.91**	**-188.90**	**129.53**
Financing:	**153.99**	**119.51**	**91.17**	**124.28**	**61.50**	**188.90**	**-129.53**
Foreign(Net)	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Domestic(Net)	**0.00**	**42.17**	**48.40**	**121.33**	**61.50**	**0.00**	**0.00**
Banking System	0.00	42.17	48.40	121.33	48.00	0.00	0.00
CBN	0.00	42.17	48.40	121.33	48.00	0.00	0.00
DMBs	0.00	0.00	0.00	0.00		0.00	0.00
Non Bank Public	0.00	0.00	0.00	0.00	13.50	0.00	0.00
Excess Crude	**174.74**	**36.27**	**16.00**	**0.00**	**0.00**	**0.00**	**0.00**
Other Funds	**-20.75**	**41.07**	**26.77**	**2.95**	**0.00**	**0.00**	**0.00**

1/ Provisional
2/ Include Sinking Fund Charges
3/ Includes net deductions for loans on lent to State,local governments and Federal parastatals/companies.

Source: Federal Ministry of Finance.

TABLE 9

Allocation to State Governments from the Federation and Vat Pools Accounts
HALF YEAR, 2002 - 2006
(=N= Million)

		2002			2003			2004			2005			2006		
S/N	STATES	Stat. Allo.	VAT	Total	Stat. Allo.	VAT	Total	Stat. Allo.	VAT	Total	Stat. Allo.	VAT	Total	Stat. Allo.	VAT	Total
1	ABIA	3,767.7	1,425.1	5,192.8	6,871.3	734.6	7,605.9	8,912.8	891.8	9,804.6	8,997.2	1,062.9	10,060.1	10,269.7	962.5	11,232.1
2	ADAMAWA	3,786.2	526.0	4,312.2	5,988.8	652.1	6,640.9	7,749.7	827.6	8,577.3	8,220.1	965.5	9,185.6	9,107.6	963.7	10,071.3
3	AKWA IBOM	7,031.2	621.4	7,652.6	14,038.7	1,022.4	15,061.1	25,875.5	1,611.4	27,486.9	35,394.1	1,197.2	36,591.3	36,203.6	1,131.1	37,334.7
4	ANAMBRA	3,800.7	625.6	4,426.3	6,011.9	783.7	6,795.5	7,773.1	971.9	8,745.0	8,210.7	1,149.3	9,360.0	9,119.3	1,110.5	10,229.8
5	BAUCHI	4,049.9	595.8	4,645.7	6,401.5	742.5	7,144.0	8,438.3	922.6	9,360.9	9,274.8	1,115.3	10,390.1	10,276.1	1,092.7	11,368.8
6	BAYELSA	6,578.4	465.7	7,044.1	17,601.3	572.1	18,173.4	28,827.3	695.6	29,522.9	46,754.8	1,006.2	47,761.0	44,725.1	1,090.0	45,815.1
7	BENUE	4,267.1	591.6	4,858.7	6,795.9	728.7	7,524.7	8,649.2	898.6	9,547.8	8,869.5	1,097.7	9,967.2	9,827.0	1,092.5	10,919.5
8	BORNO	4,408.4	562.2	4,970.6	6,971.9	707.2	7,679.1	8,973.3	875.5	9,848.8	9,415.3	1,051.8	10,467.1	10,431.7	1,123.1	11,554.8
9	CROSS RIVER	3,473.2	512.9	3,986.1	6,536.3	637.4	7,173.7	8,796.9	793.7	9,590.6	10,345.1	945.7	11,290.8	10,997.2	938.5	1,935.7
10	DELTA	15,590.1	815.2	16,405.3	28,618.7	1,108.5	29,727.2	35,125.5	1,065.8	36,191.3	32,196.5	1,451.9	33,648.4	39,117.8	1,289.8	40,407.6
11	EBONYI	3,377.3	481.9	3,859.2	5,351.6	591.6	5,943.2	6,801.7	721.6	7,523.3	6,954.9	870.7	7,825.6	7,705.8	873.0	8,578.8
12	EDO	3,651.3	1,315.5	4,966.8	6,247.3	720.1	6,967.4	8,520.3	860.8	9,381.1	9,799.3	1,064.9	10,864.2	10,576.6	1,065.6	11,642.3
13	EKITI	2,931.3	470.2	3,401.5	4,645.6	601.7	5,247.3	6,182.7	728.9	6,911.6	6,916.4	894.3	7,810.7	7,663.0	927.5	8,590.5
14	ENUGU	3,516.6	563.5	4,080.1	5,568.3	716.2	6,284.5	7,208.8	928.7	8,137.5	7,652.8	1,149.5	8,802.3	8,478.9	1,106.3	9,585.2
15	GOMBE	3,097.6	505.4	3,603.0	4,909.4	630.6	5,540.0	6,448.6	804.5	7,253.1	7,030.5	955.2	7,985.7	7,800.6	903.4	8,704.0
16	IMO	3,955.4	565.6	4,521.0	7,319.4	715.0	8,034.4	9,877.5	883.3	10,760.8	10,486.5	1,051.9	11,538.4	1,317.5	1,033.3	12,350.8
17	JIGAWA	3,825.6	578.2	4,403.8	6,050.1	735.5	6,785.6	8,051.5	904.9	8,956.4	9,006.6	1,099.0	10,105.6	9,979.1	1,103.3	11,082.4
18	KADUNA	4,530.7	823.0	5,353.7	7,155.7	1,058.8	8,214.5	9,340.5	1,294.3	10,634.8	10,076.4	1,443.7	11,520.1	11,164.3	1,418.7	12,582.9
19	KANO	5,607.0	921.7	6,528.7	8,847.3	1,169.1	10,016.3	11,485.0	1,381.4	12,866.4	12,257.3	1,710.0	13,967.3	13,580.5	1,955.9	15,536.4
20	KATSINA	4,257.8	679.3	4,937.1	6,726.7	851.6	7,578.3	8,824.4	1,047.8	9,872.2	9,610.9	1,236.7	10,847.6	10,648.5	1,262.6	11,911.1
21	KEBBI	3,606.0	614.8	4,220.8	5,706.4	648.0	6,354.4	7,435.0	806.5	8,241.5	7,992.6	1,018.8	9,011.4	8,855.4	991.7	9,847.1
22	KOGI	3,811.0	524.3	4,335.3	6,030.8	667.7	6,698.6	7,721.4	810.2	8,531.6	8,016.4	1,001.0	9,017.4	8,881.9	1,016.8	9,898.7
23	KWARA	3,296.5	484.8	3,781.3	5,230.5	610.6	5,841.1	6,806.2	750.4	7,556.6	7,298.4	909.8	8,208.2	8,086.3	944.0	9,030.3
24	LAGOS	5,158.2	2,811.3	7,969.5	8,141.0	3,921.7	12,062.7	10,664.3	5,108.9	15,773.2	11,583.0	6,202.2	17,785.2	12,833.4	6,435.7	9,269.2
25	NASARAWA	3,056.1	1,026.2	4,082.3	4,837.4	557.1	5,394.5	6,343.8	694.0	7,037.8	6,905.1	827.5	7,732.6	7,650.5	821.6	8,472.1
26	NIGER	4,082.5	552.2	4,634.7	6,453.0	698.2	7,151.3	8,486.3	862.4	9,348.7	9,285.7	1,024.7	10,310.4	10,288.1	1,028.7	1,316.8
27	OGUN	3,631.1	638.0	4,269.1	5,744.9	803.8	6,548.6	7,414.1	933.8	8,347.9	7,821.5	1,243.7	9,065.2	8,666.0	1,081.3	9,747.3
28	ONDO	4,627.9	550.8	5,178.7	7,630.7	689.7	8,320.4	11,255.3	849.3	12,104.6	10,535.9	1,056.0	11,591.9	17,234.4	1,057.9	18,292.2
29	OSUN	3,380.7	526.4	3,907.1	5,351.1	665.5	6,016.6	6,979.1	819.5	7,798.6	7,463.1	1,011.3	8,474.4	8,328.7	1,037.0	9,365.6
30	OYO	4,324.6	766.5	5,091.1	6,838.1	921.5	7,759.6	8,847.4	1,102.4	9,949.8	9,381.7	1,366.7	10,748.4	10,394.5	1,250.5	11,645.0
31	PLATEAU	3,512.9	556.1	4,069.0	5,557.2	689.9	6,247.1	7,311.8	841.3	8,153.1	8,000.7	1,024.2	9,024.9	8,864.3	1,068.5	9,932.8
32	RIVERS	8,528.0	1,019.3	9,547.3	24,294.4	1,492.7	25,787.1	27,360.5	1,949.1	29,309.6	46,209.4	1,899.9	48,109.3	56,864.7	1,964.3	58,829.0
33	SOKOTO	3,607.2	574.2	4,181.4	5,705.8	719.5	6,425.3	7,584.5	879.1	8,463.6	8,466.3	1,140.0	9,606.3	9,380.3	1,050.7	10,431.0
34	TARABA	3,512.1	466.7	3,978.8	5,657.5	593.7	6,251.2	7,281.7	729.1	8,010.8	7,912.6	868.2	8,780.8	8,766.8	898.7	9,665.5
35	YOBE	3,729.5	455.1	4,184.6	5,902.3	576.0	6,478.3	7,507.4	719.0	8,226.4	7,689.2	854.0	8,543.2	8,519.3	850.0	9,369.3
36	ZAMFARA	3,469.5	518.2	3,987.7	5,469.8	657.0	6,126.9	7,241.4	818.6	8,060.0	7,969.1	980.0	8,949.1	8,829.4	972.4	9,801.8
37	Disputed Deriv.	3,604.4	854.5	4,458.9	-	-	-	66.9	-	66.9	1,663.5	-	1,663.5	1,648.4	-	1,648.4
	FAAC A/C /1			-			-	4,000.0		4,000.0			-			-
	TOTAL	164,441.7	26,585.2	191,026.9	283,208.6	30,392.1	313,600.7	382,169.7	37,784.3	419,954.0	441,663.9	44,947.4	486,611.3	493,082.2	44,913.5	537,995.8

TABLE 10

Allocation to Local Governments from the Federation and Vat Pools Accounts
(=N= Million)

S/N	State	LGA	1st Half 2003 Stat Alloc	1st Half 2003 VAT	1st Half 2003 Total	1st Half 2004 Stat Alloc	1st Half 2004 VAT	1st Half 2004 Total	1st Half 2005 Stat Alloc	1st Half 2005 VAT	1st Half 2005 Total	2nd Half 2005 Stat Alloc	2nd Half 2005 VAT	2nd Half 2005 Total	1st Half 2006 Stat Alloc	1st Half 2006 VAT	1st Half 2006 Total
1	Abia	17	3,660.1	449.4	**4,109.5**	4,602.5	535.0	**5,137.5**	4,990.0	634.6	**5,624.6**	5,630.2	588.5	**6,218.8**	6,012.99	574.9	**6,587.9**
2	Adamawa	21	4,650.3	464.4	**5,114.7**	5,802.4	566.9	**6,369.3**	6,215.2	662.3	**6,877.5**	7,012.9	645.7	**7,658.6**	7,490.38	660.6	**8,151.0**
3	Akwa-Ibom	31	5,706.4	801.4	**6,507.8**	7,202.5	1,215.8	**8,418.3**	7,870.2	1,007.8	**8,878.0**	8,892.4	916.7	**9,809.1**	9,495.33	960.0	**10,455.3**
4	Anambra	21	4,536.8	550.7	**5,087.5**	5,715.6	661.9	**6,377.5**	6,220.5	781.5	**7,002.0**	7,019.4	754.4	**7,773.8**	7,495.41	759.8	**8,255.3**
5	Bauchi	20	5,142.4	514.8	**5,657.2**	6,451.9	616.1	**7,068.0**	6,964.0	742.2	**7,706.2**	7,856.7	720.6	**8,577.3**	8,392.52	729.8	**9,122.3**
6	Bayelsa	8	1,951.2	220.6	**2,171.8**	2,467.4	253.5	**2,720.9**	2,702.8	406.3	**3,109.1**	3,049.1	457.0	**3,506.1**	3,256.92	415.9	**3,672.9**
7	Benue	23	5,658.8	546.8	**6,205.6**	6,933.1	651.6	**7,584.7**	7,293.6	790.5	**8,084.1**	8,186.4	771.3	**8,957.7**	8,603.14	787.2	**9,390.3**
8	Borno	27	5,931.6	589.0	**6,520.6**	7,394.0	703.4	**8,097.4**	7,905.3	842.3	**8,747.6**	8,932.2	836.5	**9,768.7**	9,540.06	885.8	**10,425.9**
9	Cross-River	18	3,992.0	410.4	**4,402.4**	4,979.2	492.8	**5,472.0**	5,314.0	586.6	**5,900.6**	5,996.0	566.9	**6,562.8**	6,403.86	581.7	**6,985.5**
10	Delta	25	5,087.6	783.7	**5,871.3**	6,394.6	786.0	**7,180.6**	6,928.9	1,037.1	**7,966.0**	7,818.6	913.0	**8,731.5**	8,349.34	954.1	**9,303.5**
11	Ebonyi	13	2,741.2	305.4	**3,046.6**	3,430.8	358.4	**3,789.2**	3,687.1	433.2	**4,120.3**	4,160.4	423.4	**4,583.8**	4,442.82	433.6	**4,876.4**
12	Edo	18	4,087.5	454.3	**4,541.8**	5,108.2	536.6	**5,644.8**	5,473.2	663.2	**6,136.4**	6,175.6	638.9	**6,814.5**	6,595.46	660.3	**7,255.7**
13	Ekiti	16	3,140.1	356.3	**3,496.4**	3,971.0	415.0	**4,386.0**	4,351.4	509.6	**4,861.0**	4,909.5	497.7	**5,407.2**	5,243.04	538.3	**5,781.4**
14	Enugu	17	3,692.4	447.4	**4,139.8**	4,633.3	555.1	**5,188.4**	5,004.7	691.5	**5,696.2**	5,647.4	691.0	**6,338.4**	6,030.76	673.0	**6,703.7**
15	Gombe	11	2,560.9	299.3	**2,860.2**	3,228.8	374.9	**3,603.7**	3,519.0	441.5	**3,960.5**	3,970.3	403.2	**4,373.6**	4,240.35	409.6	**4,649.9**
16	Imo	27	5,333.0	593.6	**5,926.6**	6,670.5	708.7	**7,379.2**	7,159.6	841.5	**8,001.1**	8,078.6	814.9	**8,893.5**	8,626.98	831.0	**9,458.0**
17	Jigawa	27	5,540.8	611.1	**6,151.9**	7,036.8	725.1	**7,761.9**	7,773.7	875.8	**8,649.5**	8,771.3	853.9	**9,625.2**	9,367.39	882.4	**10,249.8**
18	Kaduna	23	6,013.2	749.2	**6,762.4**	7,542.9	905.3	**8,448.2**	8,145.9	1,015.8	**9,161.7**	9,200.1	997.4	**10,197.5**	9,825.24	1,003.5	**10,828.8**
19	Kano	44	9,660.4	1,146.3	**10,806.7**	12,209.6	1,338.8	**13,548.4**	13,393.0	1,632.1	**15,025.1**	15,126.7	1,659.7	**16,786.4**	16,152.79	1,787.4	**17,940.2**
20	Katsina	34	7,069.8	787.3	**7,857.1**	8,918.6	941.8	**9,860.4**	9,737.9	1,113.7	**10,851.6**	11,005.1	1,101.2	**12,106.4**	11,751.55	1,128.1	**12,879.7**
21	Kebbi	21	4,511.8	462.2	**4,974.0**	5,652.6	553.7	**6,206.3**	6,097.0	693.7	**6,790.7**	6,905.2	653.6	**7,558.8**	7,373.44	673.3	**8,046.7**
22	Kogi	21	4,872.8	473.1	**5,345.9**	5,991.8	557.0	**6,548.8**	6,214.7	683.7	**6,898.4**	7,011.9	668.3	**7,680.3**	7,489.38	693.0	**8,182.4**
23	Kwara	16	3,615.9	360.8	**3,976.7**	4,500.4	428.2	**4,928.6**	4,785.3	519.0	**5,304.3**	5,405.7	517.4	**5,923.1**	5,773.84	530.8	**6,304.6**
24	Lagos	20	6,044.7	2,442.2	**8,486.9**	7,579.9	3,190.6	**10,770.5**	8,179.4	3,799.0	**11,978.4**	9,230.4	3,740.4	**12,970.8**	9,854.60	3,975.9	**13,830.5**
25	Nassarawa	13	2,839.7	281.5	**3,121.2**	3,553.8	338.9	**3,892.7**	3,825.0	403.8	**4,228.8**	4,331.9	394.2	**4,726.1**	4,626.05	399.6	**5,025.6**
26	Niger	25	6,025.7	552.3	**6,578.0**	7,426.6	660.1	**8,086.7**	7,740.0	783.6	**8,523.6**	8,732.3	763.5	**9,495.7**	9,328.35	788.0	**10,116.3**
27	Ogun	20	4,338.7	537.5	**4,876.2**	5,395.7	616.8	**6,012.5**	5,727.4	808.8	**6,536.2**	6,463.0	707.9	**7,170.9**	6,901.47	715.7	**7,617.1**
28	Ondo	18	4,006.9	444.9	**4,451.8**	5,020.0	530.4	**5,550.4**	5,404.7	657.8	**6,062.5**	6,098.4	661.2	**6,759.5**	6,512.54	660.7	**7,173.3**
29	Osun	30	5,544.2	601.7	**6,145.9**	6,917.4	716.4	**7,633.8**	7,389.1	873.5	**8,262.6**	8,337.9	856.9	**9,194.8**	8,903.59	887.5	**9,791.0**
30	Oyo	33	6,762.4	807.2	**7,569.6**	8,519.6	953.3	**9,472.9**	9,272.6	1,167.6	**10,440.2**	10,463.2	1,140.7	**11,603.8**	11,173.83	1,093.6	**12,267.4**
31	Plateau	17	3,971.8	428.6	**4,400.4**	4,965.6	506.9	**5,472.5**	5,324.3	615.8	**5,940.1**	6,007.4	601.6	**6,609.0**	6,416.25	972.8	**7,389.1**
32	Rivers	23	5,099.2	998.9	**6,098.1**	6,435.4	1,294.5	**7,729.9**	7,024.7	1,268.4	**8,293.1**	7,589.7	1,412.9	**9,002.5**	8,440.68	1,350.3	**9,791.0**
33	Sokoto	23	4,805.4	534.0	**5,339.4**	6,102.6	635.7	**6,738.3**	6,740.6	810.0	**7,550.6**	7,605.5	757.8	**8,363.3**	8,122.96	757.2	**8,880.1**
34	Taraba	16	3,800.6	349.7	**4,150.3**	4,829.7	414.8	**5,244.5**	5,338.5	493.4	**5,831.9**	6,022.5	492.8	**6,515.3**	6,427.69	506.0	**6,933.7**
35	Yobe	17	3,808.6	352.4	**4,161.0**	4,757.5	424.6	**5,182.1**	5,091.2	503.8	**5,595.0**	5,744.2	491.7	**6,235.9**	6,136.49	500.9	**6,637.4**
36	Zamfara	14	3,665.5	365.2	**4,030.7**	4,571.9	441.5	**5,013.4**	4,879.8	527.8	**5,407.6**	5,505.9	513.5	**6,019.4**	5,881.11	521.6	**6,402.7**
37	FCT Abuja	6	1,329.8	1,047.4	**2,377.2**	1,600.9	838.2	**2,439.1**	1,597.2	1,144.6	**2,741.8**	1,825.0	1,084.	**2,909.1**	1,947.97	1,084.8	**3,032.8**
	TOTAL	774	171,200.2	22,121.0	193,321.2	214,515.1	26,444.3	240,959.4	231,281.5	31,463.4	262,744.9	260,718.8	25,150.6	285,869.4	278,626.6	31,768.8	310,395.3

Table 11

DOMESTIC DEBT OF THE FEDERAL GOVERNMENT 1/
(=N= Million)

	2005 1st Half	2006 1st Half
1. COMPOSITION OF DEBT.		
i Treasury Bills	871,576.95	741,000.00
ii Treasury Bonds	419,268.15	413,594.82
iv Development Stocks	980.00	820.00
v 1st FGN Bonds	72,555.71	72,555.71
vi 2nd FGN Bonds	-	177,348.87
vii 3rd FGN Bonds	-	157,231.36
Total	1,364,380.81	1,562,550.76
2. HOLDERS		
i Banking System	1,082,472.49	1,154,214.84
a. Central Bank.	337,508.62	344,652.06
b. Deposit Money Banks	744,963.87	809,562.77
ii Non-Bank Public.	281,908.32	408,335.93
3.Total Debt Outstanding	**1,364,380.81**	**1,562,550.76**

Source: Central Bank of Nigeria, Lagos
1/ Provisional

Table 12

EXTERNAL DEBT OUTSTANDING 1/
US$Million

	2005 1st Half	2006 1st Half
Holders		
1. Multilateral	2,846.06	2,704.16
2. Paris Club	29,184.74	-
3. London Club	1,441.78	1,441.79
4. Promissory Notes	717.36	580.49
5. Others	40.25	121.04
Total Debt Outstanding	**34,230.19**	**4,847.48**

Source: Debt Management Office
1/ Provisional

TABLE 13
SELECTED REAL SECTOR INDICATORS
(Per cent, except otherwise indicated)

Item	2000 1st Half	2001 1st Half	2002 1st Half	2003 1st Half	2004 1st Half	2004 2nd Half	2005 1st Half	2005 2nd Half	2006 1st Half
Agricultural Production Index (1990=100)									
	144.4	147.5	153.0	151.6	159.3	188.0	170.9	200.2	181.5
Crops	154.2	157.7	163.9	170.9	179.3	219.6	192.7	234.5	208.7
Staples	163.7	167.1	173.5	180.8	190.6	233.5	204.5	249.1	224.5
Other Crops	116.8	120.4	125.9	131.8	136.2	166.8	147.5	179.8	159.5
Livestock	101.1	103.0	105.3	108.8	116.3	116.3	124.9	122.1	130.3
Fishery	63.0	64.6	67.0	69.6	72.3	72.3	76.1	76.5	83.9
Forestry	112.6	113.1	114.7	117.4	122.1	122.1	129.3	128.8	152.4
Indices of Average World Prices									
(c.i.f) in US$ of Nigeria's Major									
All Commodities (1985=100)	50.5	56.1	82.9	111.9	89.4	87.6	88.8	84.5	92.8
Cocoa	44.2	54.9	82.0	112.7	82.1	83.5	85.6	80.4	89.7
Coffee	74.9	51.1	48.4	33.2	34.5	32.1	44.0	51.1	54.2
Cotton	115.9	115.2	88.5	124.2	147.3	112.4	115.0	118.7	122.2
Palm Oil	80.7	57.9	89.4	105.4	130.3	110.3	105.5	107.7	109.5
Copra	117.4	62.2	82.0	96.3	126.1	124.0	124.0	97.9	101.0
Soyabean	124	120	121.5	151.4	214.9	169.7	171.4	165.2	161.1
Industrial Production Index	137.0	143.2	143.9	144.7	146.4	146.6	155.1	158.9	158.4
(1985=100)									
Manufacturing Index	136.3	138.8	145.2	145.7	145.5	145.4	148.6	145.9	145.9
Mining Index	137.5	145.5	135.6	137.6	124.1	124.3	158.7	164.9	164.0
Electricity	134.8	142.7	145.2	147.5	148.2	148.5	267.8	258.1	249.7
Capacity Utilization Rate (%)	36.2	41.4	43.7	45.5	45.6	46.4	48.4	46.0	45.1
Inflation Rate % (12 Month Moving Average)	0.9	16.1	16.4	10.1	14	19.4	19.4	12.9	15.5
	0.9	16.1	16.4	10.1	14	19.4	19.4	12.9	15.5
Inflation Rate % (Year-on-Year)	5.9	16.1	12.2	14.0	23.8	14.1	14.1	18.6	8.5
GROWTH RATE OVER THE PRECEEDING PERIOD (%)									
Agricultural Production Index									
(1984=100)	3.3	2.1	3.7	-1.0	4.7	5.1	7.3	6.5	6.2
Crops	2.6	2.2	3.9	4.3	17.8	4.9	7.5	6.8	8.3
Staples	4.2	2.1	3.8	4.2	2.4	5.4	7.3	6.7	9.8
Other Crops	3	3.1	4.6	4.7	5.2	3.3	8.3	7.8	8.1
Livestock	4.1	1.9	2.2	3.3	1.4	6.9	7.4	5.0	4.3
Fishery	4.8	2.6	3.8	3.8	1.7	3.8	5.3	5.8	6.5
Forestry	3.0	0.5	1.4	2.4	5.5	4.0	5.9	5.5	5.8
Indices of Average World Prices									
(c.i.f) in US$ of Nigeria's Major									
All Commodities (1985=100)	-29.7	17.1	47.8	35.0	-20.1	-6.8	-1.2	-3.5	4.5
Cocoa	-29.1	31.3	49.4	37.4	-27.1	-7.8	3.7	-3.8	4.8
Coffee	-19.4	-27.6	-5.3	-31.4	3.8	-3.4	33.2	59.3	23.1
Cotton	-4.5	15.4	-23.2	40.3	18.6	-17.3	-22.1	5.6	6.3
Palm Oil	-36.6	-29.3	54.4	17.9	23.7	0.2	-19.3	-2.4	3.9
Copra	-25.6	-35.6	31.8	17.4	30.7	23.8	-2.1	-21.0	-18.6
Soybean	-4.0	21.5	1.3	24.6	41.9	-1.8	-19.7	-2.6	-6.0
Industrial Production Index	4.6	-2.8	0.5	1.8	0	3.6	2.9	-7.7	-2.1
(1985=100)									
Manufacturing Index	0.6	-1.0	4.6	1.4	0.5	0.5	0.4	-0.3	1.8
Mining Index	7.0	-3.5	-6.8	-5.6	-5.4	21.7	10.8	-24.6	-3.2
Electricity	7.0	-3.5	1.8	1.5	-0.1	0.7	2.2	-42.5	7.2

TABLE 13 Cont'd
SELECTED REAL SECTOR INDICATORS

ITEM	2005 1st Half	2005 2nd Half	2006 1st Half
World Crude Oil Production			
Million Barrels per Day (MBD)			
OPEC	32.98	34.38	33.66
CRUDES	29.98	30.23	29.59
NGL	3.00	4.15	4.07
NON-OPEC	50.25	50.43	50.71
WORLD TOTAL SUPPLY	83.23	84.81	84.37
DEMAND			
OECD	48.61	49.28	49.63
NON- OECD	33.06	34.04	34.16
WORLD TOTAL DEMAND	81.67	83.32	83.79
NIGERIA			
OUTPUT	2.34	2.40	2.25
EXPORTS	1.89	1.95	1.80
DOMESTIC CONSUMPTION	0.45	0.45	0.45
Average Prices of Selected Crude Oil			
At the International Oil Market (US $)			
U.K. BRENT	49.37	59.16	65.32
ARAB LIGHT	0.00	55.42	60.69
WEST TEXAS INTERMEDIATE (WTI)	51.30	61.01	66.76
BONNY LIGHT	50.24	60.83	66.48
FORCADOS	49.82	60.62	65.82
OPEC BASKET	44.64	54.78	61.44
Gas Production and Utilization			
(Mmm3)			
GAS PRODUCED	29.1	28.7	30.2
GAS USED AS FUEL	1.1	1.1	0.9
GAS SOLD TO INDUSTRIES	6.4	7.5	0.9
GAS SOLD TO LNG	3.0	2.3	3.8
GAS REINJECTED	5.7	4.8	4.2
GAS LIFTED	0.6	0.4	0.4
GAS CONVERTED TO NGLs	0.5	0.9	0.7
TOTAL GAS UTILISED	17.5	17.1	20.8
GAS UTILISED AS % OF GAS PRODUCED	60.1	59.6	68.9
GAS FLARED	11.6	11.6	9.4
GAS FLARED AS % OF GAS PRODUCED	39.9	40.4	31.1

Growth Rate Over the Preceeding Period (%)

	1	2	3
		% Change Between	
World Crude Oil Production			
Million Barrels per Day (MBD)		**1 & 3**	**2 & 3**
OPEC		3.0	-2.1
CRUDES		3.3	-2.2
NGL		33.3	-2.0
NON-OPEC		2.0	0.6
WORLD TOTAL SUPPLY		1.4	-0.5
DEMAND			
OECD		2.1	0.7
NON- OECD		3.0	0.4
WORLD TOTAL DEMAND		2.6	0.6
NIGERIA			
OUTPUT		3.8	-6.3
EXPORTS		-4.8	-7.7
DOMESTIC CONSUMPTION			
AVERAGE PRICES OF SELECTED CRUDES OIL			
AT THE INTERNATIONAL OIL MARKET			
U.K. BRENT			
ARAB LIGHT		32.3	9.5
WEST TEXAS INTERMEDIATE (WTI)		30.1	9.4
BONNY LIGHT		32.3	9.3
FORCADOS		32.1	8.6
OPEC BASKET		37.6	2.2
GAS PRODUCED, UTILISED AND DISPOSAL			
(Mmm3)			
GAS PRODUCED		3.8	5.2
GAS USED AS FUEL		-21.1	-19.6
GAS SOLD TO INDUSTRIES		-40.6	-49.3
GAS SOLD TO LNG		40.0	82.6
GAS REINJECTED		-26.3	-12.5
GAS LIFTED		-33.3	0.0
GAS CONVERTED TO NGLs		40.0	-22.2
TOTAL GAS UTILISED		18.9	21.6
GAS UTILISED AS % OF GAS PRODUCED			
GAS FLARED		-19.0	-19.0
GAS FLARED AS % OF GAS PRODUCED		-21.9	-154.2

TABLE 14
SELECTED EXTERNAL SECTOR INDICATORS
(=N=Million, except otherwise indicated)

ITEMS	2003	2004	2005	1st half 2003	1st half 2004	2nd half 2004	1st half 2005 1/	2nd half 2005 2/	1st half 2006 2/
1. BALANCE OF PAYMENTS									
A. CURRENT ACCOUNT	**498,192.53**	**2,064,056.85**	**3,366,999.11**	**218,752.17**	**495,177.85**	**877,667.24**	**1,367,065.03**	**1,862,670.18**	**2,003,307.85**
Goods	**1,011,011.79**	**2,625,569.87**	**4,040,771.79**	**563,116.02**	**689,275.17**	**978,536.64**	**1,407,521.84**	**2,042,374.73**	**1,704,128.64**
Exports (FOB)	**3,098,184.94**	**4,620,085.23**	**6,310,247.88**	**1,378,157.39**	**1,443,313.40**	**1,699,145.81**	**2,477,178.23**	**3,006,507.45**	**2,918,105.57**
Oil Sector	3,003,092.40	4,506,349.91	6,217,937.10	1,331,330.42	1,387,669.20	1,641,069.49	2,434,710.07	2,963,292.04	2,868,163.30
Non-Oil Sector	95,092.54	113,735.33	92,310.78	46,826.96	55,644.20	58,076.32	42,468.16	43,215.40	49,942.27
Imports (FOB)	**-2,087,173.15**	**-1,994,515.37**	**-2,269,476.08**	**-815,041.37**	**-754,038.23**	**-720,609.18**	**-1,069,656.39**	**-964,132.72**	**-1,213,976.93**
Oil Sector	-400,252.78	-319,310.64	-371,697.25	-149,279.33	-150,589.23	-123,097.51	-175,028.55	-99,661.63	-173,164.10
Non-Oil Sector	-1,686,920.37	-1,675,204.73	-1,897,778.84	-665,762.04	-603,449.00	-597,511.66	-894,627.84	-864,471.08	-1,040,812.83
Balance on Services & Income	**-713,653.25**	**-920,766.86**	**-1,121,232.36**	**-423,942.29**	**-367,033.58**	**-287,112.40**	**-332,032.01**	**-375,257.80**	**-338,713.90**
Current Transfers	**200,833.99**	**359,253.84**	**447,459.68**	**79,578.44**	**172,936.26**	**186,243.01**	**291,575.19**	**195,553.25**	**637,893.11**
B. CAPITAL AND FINANCIAL ACCOUNT	**-650,036.59**	**-917,654.97**	**-1,986,354.42**	**-296,093.41**	**-53,456.05**	**-174,304.68**	**-488,125.44**	**-1,055,487.53**	**-962,842.28**
C. ERRORS AND OMISSIONS	**-10,995.60**	**-18,022.50**	**-15,799.20**	**-7,007.16**	**-9,659.52**	**-8,368.92**	**-8,635.25**	**-8,146.53**	**-10,931.98**
D. OVERALL BALANCE	**-162,839.66**	**1,128,379.38**	**1,364,845.49**	**-84,348.41**	**432,062.28**	**694,993.64**	**870,304.34**	**799,036.12**	**1,029,513.73**
E. FINANCING	**162,839.66**	**-1,128,383.39**	**-1,364,845.49**	**84,348.41**	**-432,062.28**	**-694,993.64**	**-870,304.34**	**-799,036.55**	**-1,029,513.73**
a. Exceptional Financing	135,244.59	138,163.16	126,077.62	83,329.18	101,033.21	37,440.95	114,393.15	202,642.67	2,117.69
i. Promissory notes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ii. Deferred/Rescheduled Debt Service	135,244.59	138,163.16	126,077.62	83,329.18	101,033.21	37,440.95	114,393.15	202,642.67	2,117.69
iii. Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b. Reserves 3/	27,595.08	-1,266,546.54	-1,490,923.11	1,019.22	-533,095.49	-732,434.59	-984,697.49	-1,001,679.23	-1,031,631.16
2. STOCK OF EXTERNAL RESERVES	987.68	2,253.31	3,648.12	980.46	1,518.66	22,531.31	3,238.04	3,648.12	4639.16
3. EXTERNAL DEBT STOCK	4,258,117.25	4,798,612.11	2,695,896.49	4,258,117.25	4,798,612.11	4,798,612.11	4,773,450.58	4,648,003.98	619,070.39
4. EXCHANGE RATE (N/$)-Averages									
DAS/WDAS	129.36	133.50	131.66	127.40	134.20	132.80	132.85	129.31	127.71
Bureaux de Change	141.99	140.85	141.89	139.44	141.50	140.20	139.92	143.87	143.69
End-Period Exchange Rate	137.22	132.86	129.00	127.83	132.75	132.86	132.87	129.00	127.17

1/ Revised
2/ provisional
3/ Minus (-) sign indicates increase in reserves.
Plus (+) sign indicates decrease in reserves.

TABLE 15

SELECTED EXTERNAL SECTOR INDICATORS
(US$Million, except otherwise indicated)

ITEMS	2003	2004	2005	1st half 2003	1st half 2004	2nd half 2004	1st half 2005 1/	2nd half 2005 2/	1st half 2006 1/
1. BALANCE OF PAYMENTS									
A. CURRENT ACCOUNT	**3,851.21**	**15,461.10**	**25,573.44**	**1,717.01**	**3,690.96**	**6,606.95**	**10,290.29**	**14,404.69**	**15,686.38**
Goods	**7,815.49**	**19,667.19**	**30,690.96**	**4,419.96**	**5,137.71**	**7,366.28**	**10,594.82**	**15,794.41**	**13,343.74**
Exports (FOB)	**23,950.10**	**34,607.38**	**47,928.36**	**10,817.31**	**10,758.15**	**12,790.92**	**18,646.43**	**23,250.39**	**22,849.47**
Oil Sector	23,215.00	33,755.43	47,227.23	10,449.76	10,343.39	12,353.73	18,326.76	22,916.19	22,458.41
Non-Oil Sector	735.10	851.95	701.13	367.55	414.76	437.19	319.67	334.20	391.06
Imports (FOB)	**-16,134.61**	**-14,940.19**	**-17,237.40**	**-6,397.00**	**-5,620.44**	**-5,424.64**	**-8,051.61**	**-7,455.98**	**-9,505.73**
Oil Sector	-3,094.10	-2,391.84	-2,823.16	-1,171.71	-1,122.46	-926.66	-1,317.49	-770.72	-1,355.92
Non-Oil Sector	-13,040.51	-12,548.35	-14,414.24	-5,225.64	-4,497.98	-4,497.98	-6,734.12	-6,685.26	-8,149.81
Balance on Services & Income	**-5,516.80**	**-6,897.13**	**-8,516.12**	**-3,327.57**	**-2,735.79**	**-2,161.34**	**-2,499.30**	**-2,902.00**	**-2,652.21**
Current Transfers	**1,552.52**	**2,691.04**	**3,398.60**	**624.62**	**1,289.03**	**1,402.01**	**2,194.77**	**1,512.28**	**4,994.86**
B. CAPITAL AND FINANCIAL ACCOUNT	**-5,025.02**	**-6,873.82**	**-15,087.00**	**-2,324.07**	**-398.45**	**-1,312.14**	**-3,674.26**	**-8,162.46**	**-7,539.45**
C. ERRORS AND OMISSIONS	**-85.00**	**-135.00**	**-120.00**	**55.00**	**72.00**	**63.00**	**-65.00**	**-63.00**	**-85.60**
D. OVERALL BALANCE	**-1,258.81**	**8,452.28**	**10,366.44**	**662.06**	**3,220.50**	**5,231.81**	**6,551.03**	**6,179.23**	**8,061.34**
E. FINANCING	**1,258.81**	**-8,452.31**	**-10,366.44**	**-662.06**	**-3,220.50**	**-5,231.81**	**-6,551.03**	**-6,179.23**	**-8,061.34**
a. Exceptional Financing	1,045.49	1,034.93	957.60	654.06	753.08	281.85	861.07	1,567.11	16.58
i. Promissory notes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ii. Deferred/Rescheduled Debt Service	1,045.49	1,034.93	957.60	654.06	753.08	281.85	861.07	1,567.11	16.58
iii. Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b. Reserves 3/	213.32	-9,487.24	-11,324.04	8.00	-3,973.58	-5,513.66	-7,412.10	-7,746.34	-8,077.92
2. STOCK OF EXTERNAL RESERVES	7.47	16.96	28.28	7.67	11.44	16.96	24.37	28.28	36.48
3. EXTERNAL DEBT STOCK	32,916.80	35,944.66	20,476.20	30,992.00	34,128.49	35,944.66	35,944.66	35,944.66	4,847.47
4. EXCHANGE RATE (N/$)-Averages	129.36	133.50	131.66	127.40	134.20	132.80	132.85	129.31	127.71

1/ Revised
2/ provisional
3/ Minus (-) sign indicates increase in reserves.
Plus (+) sign indicates decrease in reserves.

Central Bank of Nigeria

2508 1660 125

ATISELE VANESSA CARDS 0803 306 1249, 01 - 8759001, 01 - 7933949.