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CENTRAL BANK OF NIGERIA

QUARTERLY ECONOMIC REPORT

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1.0 Summary

Aggregate output growth measured by the gross domestic product (GDP) was estimated at 7.64 per cent during the fourth quarter of 2007, compared with 6.05 per cent in the preceding quarter. The growth was driven by the non-oil sector which was estimated at 10.99 per cent. Provisional data indicated growth in monetary aggregates as broad money supply (M_2) and narrow money supply (M_1), increased by 7.7 and 11.5 per cent relative to the preceding quarter. The increase in M_2 was attributed to the rise in aggregate domestic credit to the economy and foreign assets (net) of the banking system.

Available data indicated a general increase in banks' deposit and lending rates in the fourth quarter of 2007. The spread between the weighted average deposit and maximum lending rates widened from 10.63 percentage points in the preceding quarter to 10.79 percentage points. Similarly, the margin between the average savings deposit and maximum lending rates, widened from 14.79 to 15.24 percentage points during the quarter. The weighted average inter-bank call rate, rose from 8.13 per cent in the preceding quarter to 8.25 per cent at end-December 2007, reflecting the liquidity squeeze in the inter-bank funds market.

The value of money market assets outstanding increased by 5.9 per cent to ₦2,248.1 billion over the level in the preceding quarter. The rise was attributed largely to the 12.8 per cent increase in the outstanding FGN Bonds. Activities on the Nigerian Stock Exchange indicated mixed developments as volume of securities trended upward, while value of securities declined. Total federally-collected revenue during the fourth quarter of 2007 stood at ₦1,475.25 billion, representing an increase of 19.7 per cent over the proportionate budget estimate. It, however, fell by 6.1 per cent when compared with the level in the corresponding period of 2006. At ₦1,208.05 billion, oil receipts constituted 81.9 per cent of the total, representing an increase of 27.0 per cent over the budget estimate but declined by 3.2 per cent from the level in the preceding quarter. The rise in oil receipts relative to the budget estimate was attributed to the consistent increase in oil prices at the international oil market. On the other hand, non-oil receipts, at ₦267.20 billion or 18.1 per cent of the total, was lower than the receipts in the preceding quarter and the budget estimates by 19.5 and 4.9 per cent, respectively. The fall in non-oil receipts relative to the preceding quarter was attributed to the decline in Value Added Tax (VAT) and Independent Revenue of the Federal Government. Federal Government retained revenue for the fourth quarter of 2007 was ₦561.02 billion, while total expenditure was ₦1,081.09 billion. Thus, the fiscal operations of the Federal Government was estimated to have resulted in a deficit of ₦520.07 billion, compared with the proportionate budgeted deficit of ₦107.37 billion.

The major agricultural activities in the review quarter included: harvesting of tubers, fruits, vegetables, late maturing grains as well as pre-planting operations for dry season planting. The prices of most Nigerian major agricultural commodities at the London Commodities Market were favourable during the quarter. Activities in the industrial sector improved during the fourth quarter of 2007 as the estimated index of industrial production declined by 1.7 per cent below the level in the preceding quarter, but increased by 3.5 per cent in the corresponding period of 2006.

Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at 2.13 million barrels per day (mbd) or 195.96 million barrels for the quarter, compared with 2.18 mbd in the preceding quarter. Crude oil export was estimated at 1.68 mbd or 154.56 million barrels for the quarter, while deliveries to the refineries for domestic consumption remained at 0.45 mbd or 41.40 million barrels for the quarter. The average price of Nigeria's reference crude, the Bonny Light (37⁰ API), estimated at US\$91.99 per barrel, rose by 14.2 per cent over the level in the preceding quarter. The end-period inflation rate for the fourth quarter of 2007, on a year-on-year basis, was 6.6 per cent, compared with 4.1 and 8.5 per cent recorded at the end of the preceding quarter and the corresponding period of 2006, respectively. Inflation rate on a twelve-month moving average basis for the fourth quarter, was 5.4 per cent, compared with 5.9 per cent recorded in the preceding quarter, reflecting largely the stability in the supply of petroleum products and the harvest of agricultural products.

The gross external reserves rose by 7.1 per cent to US\$51.33 billion in the fourth quarter of 2007, compared with US\$47.93 and US\$42.30 billion in the preceding quarter and corresponding period of 2006, respectively. This level of reserves could finance 23.5 months of current import commitments, compared with 22.3 months in the preceding quarter.

Foreign exchange inflow and outflow through the Central Bank of Nigeria (CBN) amounted to US\$10.83 billion and US\$5.67 billion, respectively, resulting in a net inflow of US\$5.16 billion during the quarter. Foreign exchange sales by the CBN to the authorized dealers fell to US\$3.37 billion from US\$4.04 billion in the preceding quarter. The weighted average exchange rate of the Naira vis-à-vis the US dollar, appreciated by 4.7 per cent to ₦121.00 per dollar at the WDAS. In the bureaux de change segment of the market, the naira also appreciated from ₦127.15 per dollar to ₦123.79 per dollar. Non-oil export earnings by Nigeria's top 100 exporters amounted to US\$274.37 million, indicating an increase of 2.9 per cent over the level in the preceding quarter. The development was attributed largely to the rise in the prices of the commodities traded at the international commodities market during the period.

Other major international economic developments of relevance to the domestic economy during the quarter included: the visit by His Excellency, Dr. Manmohan Singh, the Prime Minister of India from October 14-16, 2007. The visit enabled the two leaders to hold extensive and fruitful discussions that would further boost the existing relationship as well as open new windows for economic and social relations between the countries.

The Annual Meetings of the Inter-governmental Group of Twenty-Four (G-24) on International Monetary Affairs and Development, the International Monetary Fund (IMF) and the World Bank was held in Washington D.C., USA from October 17-22, 2007;

Others are: the sixteenth meeting of the International Monetary and Financial Committee (IMFC) was held in Washington D.C. on October 20, 2007. The Committee welcomed the strong growth of the global economy in the first half of 2007 and the continued support enjoyed by emerging economies from the developing countries; the 10th Meeting of the Legal and Institutional Issues Committee (LIIC) of the West African Monetary Zone (WAMZ) was held at the West African Monetary Institute (WAMI) in Accra, Ghana, from October 1-3, 2007. The objective of the meeting was to consider and review the following draft legal documents: Payments System Statute; Amendment to the WAMI Statute; Single Economic Space and Prosperity Agreement; the Company Statute of the WAMZ and the Banking Statute of the WAMZ.

An extraordinary meeting of the ECOWAS Convergence Council was convened by the ECOWAS Commission on October 9, 2007 in Ouagadougou. The purpose of the meeting was to deliberate on the report of a Technical Committee on the ECOWAS Single Currency Initiative.

In another development, the International Monetary Fund (IMF) conducted an Article IV Mission to Nigeria from November 7–20, 2007. Discussions focussed on recent developments in the Nigerian economy and the outlook for 2008 and the medium term.

The meeting of the Special Implementation Committee (SIC) of the National Working Group of the Nigeria/South Africa Bi-National Commission (BNC) was held in Pretoria, South Africa (SA) from November 26- 28, 2007. The objective of the meeting was to undertake a frank assessment of its performance so far, and to explore ways of achieving higher levels of effectiveness.

Also, the Group of Developing Eight countries (D-8) held their first meeting on “Financial Infrastructure Development among the D-8 countries” and the 3rd seminar on the regulation of Takaful Insurance in Cairo, Egypt, from November 26-28, 2007.

Lastly, the World Bank Africa Region Vice-President Obiageli Ezekwesili made a visit to Tokyo from December 12-14, where she made a passionate case for Africa during a Foreign Correspondents’ Club media luncheon. Japan will be the center of attention for the African development agenda in May 2008 as it hosts the fourth Annual Tokyo International Conference on African Development (TICAD IV), where over 40 African heads of state are expected.

2.0 FINANCIAL SECTOR DEVELOPMENTS

2.1 Monetary and Credit Developments

Monetary aggregate grew in the fourth quarter of 2007, while banks' deposit and lending rates indicated a general increase. The value of money market assets increased, following largely the rise in outstanding FGN Bonds. Transactions on the Nigerian Stock Exchange (NSE) were bullish as some of the major market indicators trended upward.

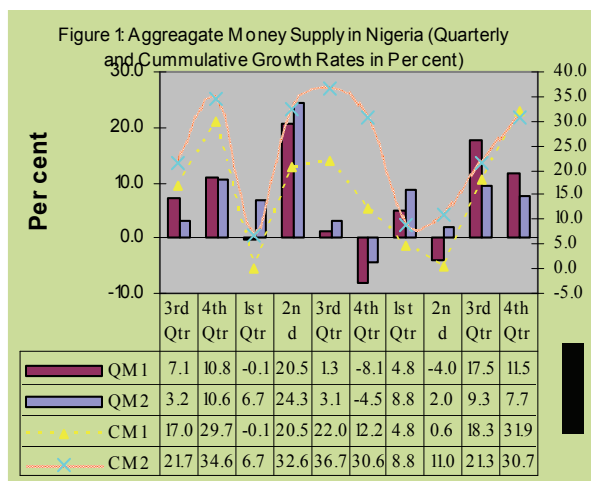
Provisional data indicated growth in monetary aggregates in the fourth quarter of 2007. Broad money supply (M_2) and narrow money supply (M_1) rose by 7.7 and 11.5 per cent to ₦4,801.9 billion and ₦2,552.2 billion, respectively, compared with the increase of 9.3 and 17.5 per cent in the preceding quarter. The rise in M_2 was attributable to the increase in domestic credit and foreign assets (net) of the banking system. Over the level at end-December 2006, M_2 grew by 30.7 per cent, compared with the target of 24.1 per cent for fiscal 2007 (fig.1 and table 1).

At ₦2,212.7 billion, aggregate banking system credit (net) to the domestic economy rose by 57.5 per cent in the fourth quarter of 2007, compared with the increase of 324.6 per cent in the preceding quarter. The development reflected the increase in claims on the private sector during the period.

Banking system's credit (net) to the Federal Government declined by 2.8 per cent to ₦2,829.6 billion, in contrast to the increase of 11.7 per cent in the preceding quarter. The fall in the review quarter was attributed to the decline in CBN's claims on the Federal Government.

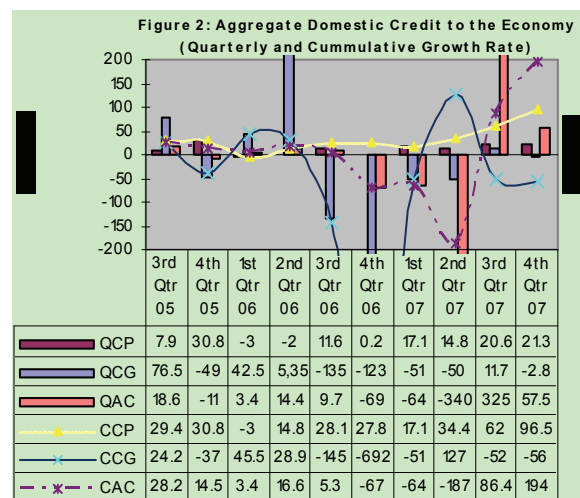
Banking system's credit to the private sector rose by 21.3 per cent to ₦5,042.3 billion, compared with the increase of 20.6 per cent in the preceding quarter. The rise reflected the increase in both the CBN and deposit money banks' (DMBs) claims on the private sector (fig 2).

At ₦7,510.9 billion, foreign assets (net) of the banking system rose by 8.0 per cent, in contrast to the decline of 9.2 per cent in the preceding quarter. The development was attributed to the 7.4 per cent and 12.7 per cent increases in the CBN and DMBs' holdings, respectively.



Quasi money rose by 3.7 per cent to ₦2,249.8 billion, compared with the increase of 1.8 per cent in the preceding quarter. The development was attributed to the increase in all the components namely, time, savings and foreign currency deposits of the DMBs during the quarter.

Other assets (net) of the banking system, however, declined by 26.1 per cent to ₦4,921.6 billion, in contrast to the increase of 0.2 per cent in the preceding quarter. The fall reflected largely the decline in unclassified assets of the DMBs during the quarter.



2.2 Currency-in-circulation and Deposits at the CBN

At ₦960.2 billion, currency in circulation rose by 32.9 per cent in December, 2007 over the level in September, 2007. The rise was traceable largely to the seasonal activities at the end of the quarter.

Total deposits at the CBN amounted to ₦4,483.9 billion, indicating a decline of 14.1 per cent from the level in the preceding quarter. The development was attributed wholly to the 16.9 per cent fall in Federal Government's deposits. The shares of the Federal Government, banks and "others" in total deposits at the CBN were 91.9, 6.7 and 1.4 per cent, respectively, compared with the shares of 96.4, 3.4 and 0.2 per cent, in the third quarter of 2007.

2.3 Interest Rate Developments

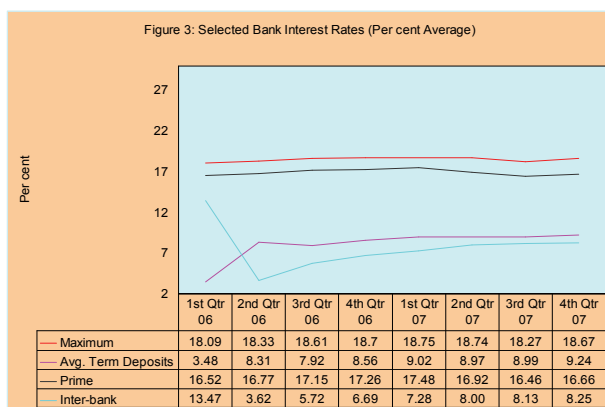
Available data indicated a general increase in banks' deposit and lending rates in the fourth quarter of 2007. With the exception of the seven-day and one-month savings rates which fell by 0.92 and 0.09 percentage points to 5.18 and 10.43 per cent, respectively, all other rates rose during the review quarter. The average savings deposit rate increased by 0.38 percentage point to 3.43 per cent, while other rates on deposits of various maturities rose from a range of 6.12 – 10.43 per cent in the preceding quarter to 5.18 – 10.82 per cent. Similarly, the average prime and maximum lending rates rose by 0.20 and 0.40 percentage points to 16.66 and 18.67 per cent, respectively. Consequently, the spread between the weighted average deposit and maximum lending rates widened from 10.63 percentage points in the preceding quarter to 10.79 per cent. Similarly, the margin between the average savings deposit and maximum lending rates widened from 14.79 percentage points in the preceding quarter to 15.24 percentage points. The increase in interest rates during the review quarter was attributed to the upward review of the Monetary Policy Rate (MPR).

At the inter-bank call segment, the weighted average rate inched up to 8.25 per cent, reflecting the liquidity squeeze in the inter-bank funds market.

Similarly, the weighted average rate for the open-buy-back and the tenored segments increased by 104 and 62 basis points to 8.11 and 12.81 per cent, respectively. Also, the average Nigeria Inter-bank Offered Rate (NIBOR) on 7- day tenor increased by 10 basis points to 8.5 per cent over its level in the preceding quarter.

2.4 Money Market Developments

The MPR was reviewed twice during the quarter, by a 100 basis points from 8.0 to 9.0 per cent in October and further by 50 basis points to 9.50 per cent on December 4, 2007. Interest payment on overnight deposits by DMBs was abolished, while lending and repo rates were put at 9.5 per cent. Cumulative patronage of CBN lending facility was ₦2,338.01 billion in the fourth quarter of 2007, while a total of ₦62.15 billion was deposited between October 1-2, 2007.

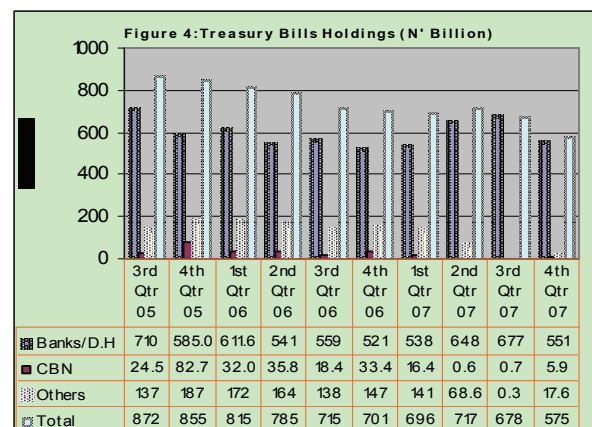


In its Communiqué no. 53 of December 4, 2007, the Monetary Policy Committee (MPC) reviewed the major macroeconomic developments and the implementation of fiscal, monetary and exchange rate policies in 2007, as well as the challenges for the first quarter of 2008. The Committee noted with satisfaction the sustained single-digit inflation throughout the year and the orderly functioning of the foreign exchange and domestic financial markets. It however, acknowledged the pressure of appreciation on the naira exchange rate which arose principally from the sustained high foreign exchange inflows buoyed by the favorable macroeconomic environment, investment climate as well as high rates of return in domestic financial markets. The Committee restated its commitment to ensuring continued price and monetary stability through an appropriate monetary policy stance for the rest of the year.

The outlook for 2008 and the MPC decision:

The Committee noted that the overall macroeconomic picture in 2007 reflected improved stability; just as the prospects for the first quarter of 2008 appear good. The Bank's projections show that the year-on-year (headline) inflation could remain single-digit in the first quarter of 2008, provided CBN continue to take proactive steps to manage the liquidity surfeit. There remains a strong upside risk to inflation in the near-term due to expected large capital inflows and significant fiscal injections. In anticipation of the imminent fiscal surge and continuing capital inflows; and in order to drive core inflation down to single-digit as well as to sustain headline inflation along its present path, the Committee decided to take the following proactive actions:

- Issue new primary instruments to mop up a significant portion of the anticipated excess liquidity in the system.
- Continue with the regular open market operations (OMO)
- Raise the MPR from 9.0 percent to 9.5 percent - to signal a tightening of monetary policy stance.



The value of transactions in the money market decreased by ₦884.51 billion or 13.1 per cent to ₦5,859.7 billion in 4,798 deals in the fourth quarter, compared with ₦6,744.21 billion in 5,517 deals during the third quarter of 2007. Analysis of the transactions during the quarter showed that inter-bank placements stood at ₦1,650.1 billion, compared with ₦1,641.89 billion in the preceding quarter. The value of transactions at the open-buy-back segment was ₦4,210.09 billion, down from ₦5,102.32 billion in the preceding quarter. Of the total transactions in the review period, open-buy-back segment represented 71.8 per cent. The structure of the inter-bank transactions reflected the short-term nature of funds traded and the inherent risk.

The value of money market assets outstanding at the end of the fourth quarter of 2007 increased by 5.9 per cent to ₦2,248.1 billion, compared with the increase of 2.8 per cent in the preceding quarter. The rise was attributed to the 12.8 and 29.1 per cent increases in outstanding FGN Bonds and Commercial Papers, respectively. A total of ₦142.8 billion FGN bonds made up of ₦82.8 billion 3-year bonds and ₦60.00 billion 10-year bonds were issued in the review quarter. Total public subscription for the two issues was ₦286.34 billion while allotment was ₦142.8 billion. The coupon rates ranged from 7.0-9.2 and 9.95-11.03 per cent for the 3-year and 10-year bonds, respectively. The impressive subscription reflected market players' preference for longer-tenored securities.

Data on holdings of treasury bills outstanding indicated that holdings by the CBN and the non-bank public rose by 5,233.3 and 742.9 per cent to ₦5.9 and ₦17.6 billion, respectively, over the levels in the preceding quarter. However, holdings by the DMBs and discount houses declined by 18.5 per cent to ₦551.4 billion during the quarter.

Treasury Bills of 91-, 182- and 364-day tenors were offered in the fourth quarter with total issue amounting to ₦691.5 billion, compared with ₦327.20 billion in the preceding quarter. Total subscription and allotment stood at ₦784.8 billion and ₦689.6 billion, respectively, compared with ₦479.00 billion and ₦327.20 billion recorded in the preceding quarter.

Issue rates for the 91-day NTBs ranged from 6.26-7.49 percent, while that of the 182-day NTBs was from 6.85-8.0 per cent, compared with the respective ranges of 5.75-6.54 per cent and 6.00-6.95 per cent in the preceding quarter. At the 364-day segment, the issue rates ranged from 5.90-8.13 per cent. The sustained patronage in the market was attributed largely to the safe attributes of the government securities. Analysis of the offer showed that the share of DMBs and discount houses rose by 163.9 per cent over the preceding quarter's level to ₦497.2 billion or 72.1 per cent of the total, while investment by the non-bank public stood at ₦190.5 billion, representing 27.6 per cent of the total. The balance of ₦1.9 billion or 0.3 per cent was taken-up by the CBN.

2.5 *Deposit Money Banks' Activities*

Available data indicated that total assets/liabilities of the DMBs amounted to ₦10,106.4 billion, representing an increase of 5.2 per cent over the level in the preceding quarter. The development was attributed largely to the rise in claims on state and local governments.

Funds, which were sourced mainly from capital accounts, demand and foreign currency deposits were used mainly to extend credit to the private sector and accumulate foreign assets.

At ₦5,979.8 billion, credit to the domestic economy rose by 15.4 per cent over the level in the preceding quarter. The increase in credit during the quarter was attributed largely to the 16.9 per cent rise in claims on private sector during the period.

Central Bank's credit to the DMBs rose by 209.7 per cent to ₦29.9 billion in the review quarter.

Total specified liquid assets of the DMBs stood at ₦3,083.3 billion, representing 56.6 per cent of their total current liabilities. At that level, the liquidity ratio rose by 4.6 percentage points over the preceding quarter's level. This level of specified liquid assets was 16.6 percentage points above the stipulated minimum ratio of 40.0 per cent for fiscal 2007. The loans-to-deposit ratio rose by 11.6 percentage points over the level in the preceding quarter, and was 3.3 percentage points over the prescribed minimum target of 80.0 per cent.

2.6 Discount Houses' Activities

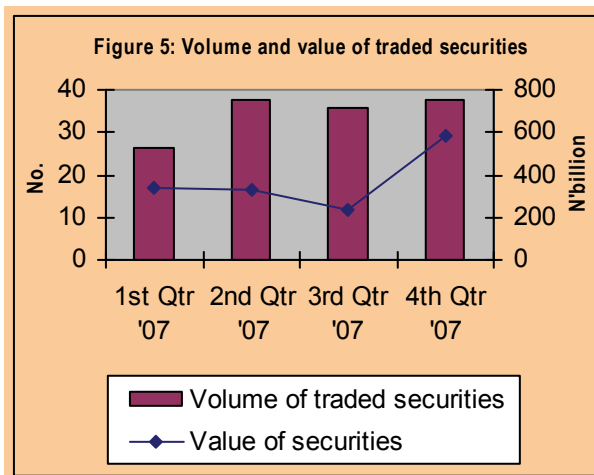
Total assets/liabilities of the discount houses stood at ₦298.3 billion in the fourth quarter of 2007, indicating a decline of 5.4 per cent from the level in the preceding quarter but an increase of 59.9 per cent over the level in the corresponding period of 2006. The decline in assets relative to the preceding quarter was attributed to the 89.3 and 14.6 per cent fall in cash and balances with banks as well as claims on others, respectively. Similarly, the decline in total liabilities was attributed to the 22.1 per cent fall in "other amount owing" during the period. Discount houses' investments in Federal Government securities of less than 91 days maturity amounted to ₦115.4 billion, representing 44.6 per cent of their total deposit liabilities. At this level, discount houses' investments declined by 11.5 per cent from the level in the preceding quarter. This level of investment was 15.4 percentage points below the prescribed minimum level of 60.0 per cent for fiscal 2007.

Total borrowing by discount houses was ₦161.8 billion, while their capital and reserves amounted to ₦22.8 billion, representing an increase of 26.0 and 39.9 per cent over the levels in the preceding quarter and the corresponding period of 2006, respectively. Thus, resulting in a gearing ratio of 7.1:1, compared with the stipulated maximum target of 50:1 for fiscal 2007.

2.7 Capital Market Developments

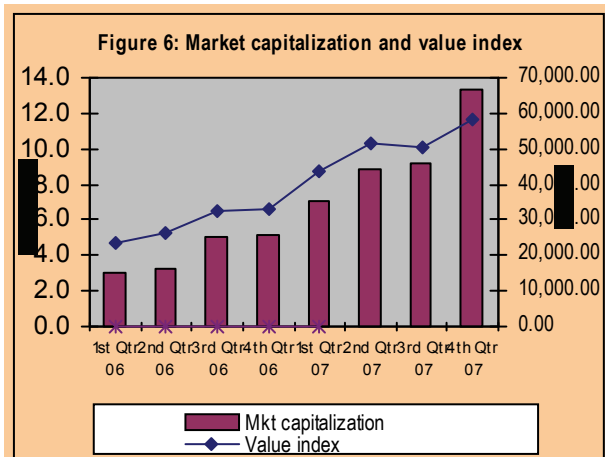
Available data on activities on the Nigerian Stock Exchange (NSE) in the fourth quarter of 2007 indicated mixed developments. The volume of traded securities rose by 3.6 per cent to 37.7 billion shares, compared with 36.3 billion shares, while the value of traded securities declined by 8.6 per cent to ₦582.4 billion from the level in the preceding quarter. The banking sub-sector remained the most active on the exchange followed, by the insurance sub-sector. Transactions in the Federal Government and industrial loans/preference stocks, however, remained dormant during the review quarter.

Transactions on the Over-the-Counter (OTC) bond market, indicated that a turnover of 529.9 million units worth ₦540.6 billion in 4,880 deals was recorded in the review quarter, compared with 1.2 billion units valued at ₦21,295.6 billion in 9,048 deals recorded in the third quarter of 2007. The most active bond was the 4th FGN Bond 2010 series 4 with a traded volume of 115.86 million units valued at ₦122.21 billion in 949 deals.



In the new issues market, issuance of the 4th FGN bond progressed as ten Federal Government Bonds namely, the seventh (3-year) 2010, eighth (10-year) 2015, ninth (re-opening) (10-year) 2017, ninth A and B (10-year) 2017, tenth (5-year) 2012, eleventh (7-year) 2014, twelfth (3-year) 2010 and thirteenth (3-year) 2010 series of bonds valued at ₦272.0 billion were admitted to the Daily Official List with a coupon rate ranging from 7.00 – 9.85 per cent. The issues were oversubscribed. A total of 18.5 billion ordinary shares were registered as supplementary listings from ten (10) issues, while 2 billion ordinary shares of Big Treat Plc, 5.2 billion ordinary shares of National Sports Lottery Plc, and 1 billion ordinary shares of Deap Capital Management Plc were admitted to the daily official list during the quarter. By this action, the number of listed companies and securities increased to 210 and 313, respectively.

The All-Share Index rose by 15.5 per cent to close at 57,990.22 (1984 = 100) and the market capitalization of the listed securities rose by 44.6 per cent to ₦13.3 trillion in the review quarter. The development was attributed largely to price gains recorded by the highly capitalized companies in the banking and insurance sub-sectors.



In another development, the shares of seven banks, two insurance companies and Costain Nigeria Plc were placed on technical suspension following the receipt of their applications to undertake supplementary share offerings and share reconstruction. Two Funds listed in the newly designed Other Financial Institutions sub sector were adjusted for coupon payments as recommended by the Fund Managers. Nigeria International Debt Fund was adjusted for coupon of =N=221.03 per Note, while Nigeria Energy Sector Fund was adjusted for coupon of =N=76.00 per Note.

3.0 FISCAL OPERATIONS

3.1 Federation Account Operations

Total federally-collected revenue during the fourth quarter of 2007 stood at =N=1,475.25 billion. This represented an increase of 19.7 per cent over the proportionate budget estimate, and a decline of 6.1 per cent, compared with the preceding quarter. At =N=1,208.05 billion, oil receipts which constituted 81.9 per cent of the total, increased by 27.0 per cent over the budget estimate but declined by 3.2 per cent from the level in the preceding quarter. The rise in oil receipts relative to the budget estimate was attributed to the consistent increase in oil prices at the international oil market during the review period. On the other hand, non-oil receipts, at =N=267.20 billion or 18.1 per cent of the total, was lower than the receipts in the preceding quarter and the budget estimate by 19.5 and 4.9 per cent, respectively. The decline in non-oil receipts during the period was attributed to the fall in Value Added Tax (VAT) and the Independent Revenue of the Federal Government (fig 7).

Of the total federally-collected revenue during the review quarter, the sum of =N=842.12 billion was transferred to the Federation Account for distribution among the three tiers of government and the 13% derivation fund. The Federal Government received =N=397.29 billion, while the state and local governments received =N=201.51 billion and =N=155.35 billion, respectively. The balance of =N=87.97 billion went to the 13% derivation fund for distribution by the oil producing states.

3.2 The Fiscal Operations of the Three Tiers of Government

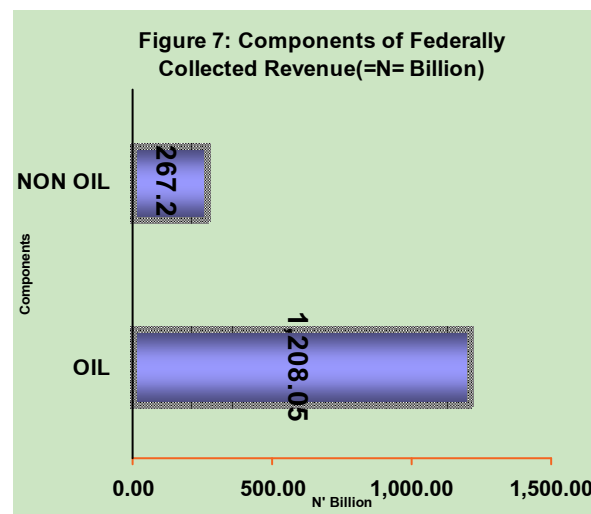
3.2.1 The Federal Government

At =N=561.02 billion, the Federal Government retained revenue for the fourth quarter of 2007 was 17.6 and 1.5 per cent higher than the proportionate budget estimate and the receipts in the preceding quarter, respectively.

The rise in retained revenue was attributed largely to the additional receipts from the issuance of Federal Government bonds during the period.

At =N=1,081.09 billion, total expenditure for the period rose by 171.0 and 76.7 per cent over the levels in the preceding quarter and the proportionate budget estimate, respectively. The increase in total expenditure for the period relative to the preceding quarter and budget estimate was attributed largely to the sharp rise in capital expenditure, especially in the months of November and December, 2007. A breakdown of total expenditure showed that recurrent and capital accounted for 46.9 and 49.9 per cent, respectively, while transfers accounted for the balance.

The fiscal operations of the Federal Government in the fourth quarter of 2007 resulted in a deficit of =N=520.07 billion, compared with the proportionate budgeted deficit of =N=107.37 billion. Relative to the preceding quarter and the corresponding period of 2006, the fiscal operations of the Federal Government resulted in a surplus of =N=153.79 billion and a deficit of =N=121.66 billion, respectively.



3.2.2 Statutory Allocations to State Governments

Total receipts, including 13% Derivation and share of Value Added Tax (VAT) by the State Governments from the Federation Account during the fourth quarter of 2007 stood at =N=372.26 billion, representing a decline of 9.6 per cent from the level in the preceding quarter and an increase of 24.9 per cent over the level in the corresponding period of 2006.

At ₦42.53 billion, receipts from the VAT Pool Account rose by 18.9 and 19.6 per cent over the levels in the preceding quarter and the corresponding period of 2006, respectively. Similarly, at ₦329.73 billion, total receipts from the Federation Account, including the 13% derivation and excess crude funds declined by 12.3 per cent from the level in the preceding quarter but rose by 25.6 per cent over the level in the corresponding period of 2006. On monthly basis, the sums of ₦122.31 billion, ₦120.28 billion and ₦128.94 billion were allocated to the 36 state governments in October, November and December 2007, respectively.

3.2.3 Statutory Allocations to Local Government Councils

Total receipts by the local governments from the Federation and VAT Pool Accounts during the fourth quarter of 2007 stood at ₦204.59 billion. This was lower than the level in the preceding quarter by 8.6 per cent but significantly higher than the level in the corresponding period of 2006 by 25.3 per cent. Of this amount, allocations from the Federation Account (including share of excess crude) was ₦174.82 billion or 85.5 per cent of the total, compared with 88.5 per cent recorded in the preceding quarter of 2007.

VAT Pool Account accounted for ₦29.77 billion, which was higher than the levels in the preceding quarter and corresponding quarter of 2006 by 16.9 and 19.6 per cent, respectively. On monthly basis, the sums of ₦68.26 billion, ₦66.35 billion and ₦69.98 billion were allocated to the 774 local governments in October, November and December 2007, respectively.

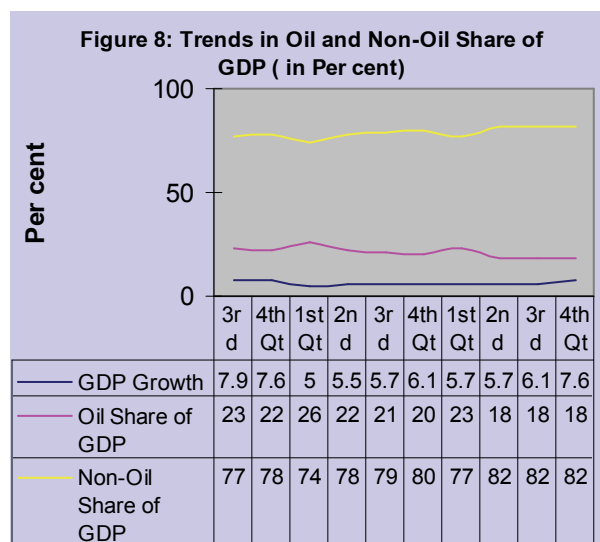
In another development, the President presented the 2008 Budget amounting to ₦2.45 trillion to the joint session of the National Assembly during the review quarter. The Budget emphasised the development of physical infrastructure, particularly power and transportation, human capital development, job creation, the Niger Delta, social safety nets as well as the provision of enabling environment for private sector initiatives.

4.0 DOMESTIC ECONOMIC CONDITIONS

Aggregate output growth in the economy measured by the gross domestic product (GDP) was estimated at 7.64 per cent during the fourth quarter of 2007, compared with 6.05 per cent in the preceding quarter. The growth was driven by the non-oil sector which was estimated at 10.99 per cent. The major agricultural activities during the fourth quarter of 2007 were harvesting of tubers, fruits, vegetables, late maturing grains as well as pre-planting preparation for dry season planting. Crude oil production was estimated at 2.13 million barrels per day (mbd) or 195.96 million barrels for the quarter. The end-period inflation rate for the fourth quarter of 2007, on a year-on-year basis, was 6.6 per cent, compared with 4.1 per cent in the preceding quarter. The inflation rate on a 12-month moving average basis was 5.4 per cent, compared with the preceding quarter's level of 5.9 per cent.

4.1 Agricultural Sector

Agricultural activities during the fourth quarter of 2007 in the Southern states centered on harvesting of tubers, fruits and vegetables, while farmers in the North were engaged in harvesting of late maturing grains, as well as pre-planting preparation for dry season planting. In the livestock sub-sector, farmers intensified fattening and other farm management activities in anticipation of the end of year sales.



During the fourth quarter, a total of =N=522.9 million was guaranteed to 3,699 farmers under the Agricultural Credit Guarantee Scheme (ACGS). This amount represented a decline of 65.9 and 74.8 per cent from the levels in the preceding quarter and corresponding quarter of 2006, respectively. A sub-sectoral analysis of the loans guaranteed indicated that the food crops sub-sector had the largest share of =N=428.0 million or 81.9 per cent guaranteed to 3,356 beneficiaries, while the livestock sub-sector received =N=42.4 million or 8.1 per cent guaranteed to 141 beneficiaries. Also, the fisheries sub-sector obtained =N=47.1 million or 9.0 per cent for disbursement to 180 beneficiaries, while the cash crops sub-sector got =N=5.4 million or 1.0 per cent guaranteed to 22 beneficiaries. Further analysis showed that 15 states benefited from the scheme during the quarter, the highest and lowest sums of =N=95.5 million (18.3 per cent) and =N=0.3 million (0.06 per cent) went to Taraba and Ekiti states, respectively.

Retail price survey of most staples by the CBN showed price increases in the fourth quarter of 2007. All the fourteen commodities monitored, namely white beans, brown beans, guinea corn, millet, yellow garri, eggs, white maize, yellow maize, white garri, groundnut oil, vegetable oil, yam flour, local rice and palm oil, recorded price increase of 1.8, 2.3, 2.5, 2.5, 2.5, 3.0, 3.7, 3.8, 4.1, 5.1, 5.2, 7.3, 8.4 and 13.6 per cent, respectively, over their levels in the preceding quarter.

The prices of all Nigerian major agricultural commodities at the London Commodities Market recorded increases during the review quarter. All the six commodities monitored namely, coffee, palm oil, cocoa, copra, soya bean and cotton, in dollar terms, recorded price increase of 22.6, 26.0, 3.4, 6.1, 92.0 and 8.7 per cent, respectively, over their levels in the preceding quarter.

In naira terms also, all the six commodities traded, namely, coffee, palm oil, cocoa, copra, cotton, and soya bean recorded price increase of 36.9, 29.0, 2.4, 1.1, 13.8 and 72.6 per cent, respectively, over the levels in the preceding quarter. Over their levels in the corresponding period of 2006, all the commodities recorded price increases which ranged from 13.9 per cent for copra to 432.3 per cent for soya bean.

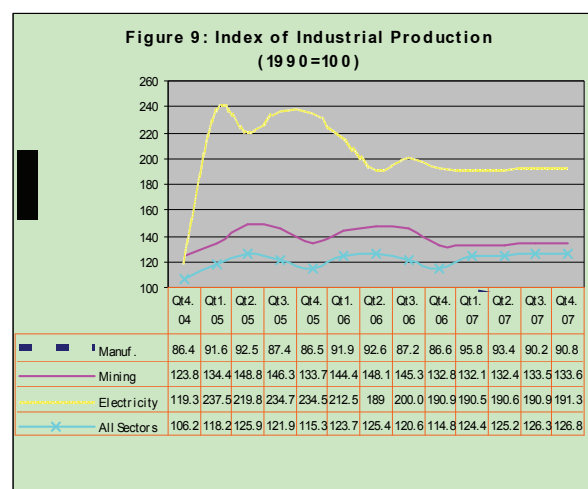
4.2 Industrial Production

Industrial activities during the fourth quarter of 2007 declined relative to the preceding quarter. At 118.8 (1990=100), estimated index of industrial production improved by 3.5 per cent over the level attained in the corresponding period of 2006, but declined by 1.7 per cent below the level in the preceding quarter.

The increase reflected the rise in manufacturing output, mining production and electricity consumption.

Provisional data from the National Bureau of Statistics (NBS) on the sectoral growth rate of GDP indicated that the manufacturing sub-sector grew by 10.6 per cent over the level attained in the preceding quarter. The estimated index of manufacturing production, at 90.8 (1990=100), rose by 0.7 and 4.3 per cent over the levels in the preceding quarter and the corresponding period of 2006, respectively. The development was attributed to the increased production activities by manufacturing firms during the festive periods.

At 133.64 (1990=100), the index of mining production rose by 0.1 and 0.6 per cent over the levels in the preceding quarter and the corresponding period of 2006, respectively. The increase was attributed to the rise in crude oil and gas production.



At 3,850.0 MW/h, estimated average electricity generation fell by 8.8 per cent from the level attained in the preceding quarter. The decline reflected the drop in water levels at the reservoirs which power the hydro power stations in the country and non supply of gas to Egbin, Delta and Geregu power stations, following a fire incident that burnt the Shell Utorogu gas plant during the period.

At 1,750.0 MW/h, estimated average electricity consumption declined by 1.8 per cent from the level in the preceding quarter. Of the total, residential consumption accounted for 51.3 per cent, commercial & street lighting accounted for 26.7 per cent, while industrial consumption accounted for 22.0 per cent. The decline in electricity consumption relative to the preceding quarter was attributed to the low supply from the power generating stations.

4.3 Small and Medium Enterprises Equity Investment Scheme

A cumulative sum of ₦37.4 billion has been realized under the SMEEIS as at the end of the fourth quarter of 2007. Out of this, the sum of ₦21.2 billion or 50.7 per cent of the total was set aside for investment in 302 projects. Overall, the total amount invested by banks remained the same as in the preceding quarter. Sectoral analysis of the cumulative investment showed that the real sector (Manufacturing-35.5%, Agro-allied-8.0, Construction-5.4% and Solid Minerals-0.3%) recorded investments worth ₦10.4 billion, (accounting for 49.3 %) in 188 projects, while the service sub-sector (Tourism & Leisure-21.2%, Services-20.6%, IT & Telecom-8.4%, and Educational Establishment-0.6%) accounted for ₦10.8 billion (50.7%) in 114 projects.

4.4 Petroleum Sector

Nigeria's crude oil production, including condensates and natural gas liquids was estimated at 2.13 million barrels per day (mbd) or 195.96 million barrels in the fourth quarter of 2007, representing a decline of 2.3 per cent from the level in the preceding quarter. Crude oil export was estimated at 1.68 mbd or 154.56 million barrels in the review quarter, compared with 1.73 mbd or 159.16 mbd in the preceding quarter. Deliveries to the refineries for domestic consumption remained at 0.45 mbd or 41.40 million barrels in the review quarter.

At an estimated average of US\$91.99 per barrel, the price of Nigeria's reference crude, the Bonny Light (37° API) rose by 14.2 per cent over the level in the preceding quarter. The average prices of other competing crudes namely, the West Texas Intermediate, the U.K Brent, the Arab Light, and the Forcados also rose by 22.3, 18.9, 22.0 and 19.0 per cent to US\$92.36, US\$90.08, US\$86.76 and US\$92.07 per barrel, respectively. The average price of OPEC's basket of eleven crude streams rose by US\$16.9 per barrel to US\$90.00 over the level in the preceding quarter. The increase in price was attributed to the winter supply worries, heightened tensions between Turkey and Northern Iraq as well as sustained output disruption in Nigeria and Iran.

4.5 Consumer Prices

Available data showed that the all-items composite Consumer Price Index (CPI) for the end of fourth quarter, 2007 was 167.40 (May 2003=100), representing a decline of 1.6 per cent from the level in the preceding quarter but an increase of 6.6 per cent over the level in the corresponding period of 2006.

Figure 10: Distribution of Value of SMEEIS Investments As At December 2007

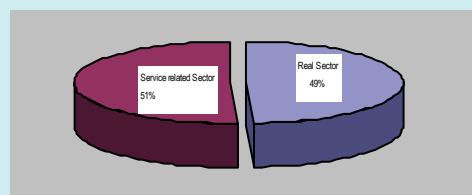
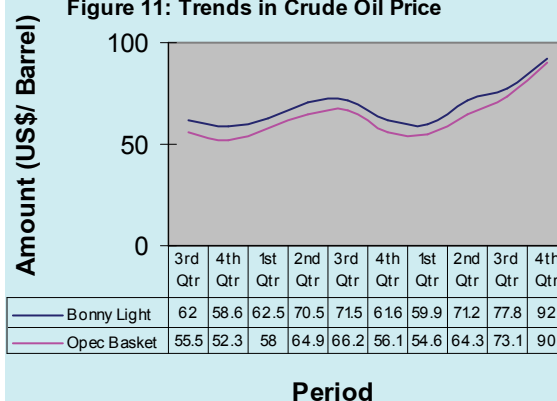


Figure 11: Trends in Crude Oil Price



The development was attributed to the decline in the prices of some food items, miscellaneous goods & services; housing, water, electricity, gas & other fuel; alcoholic beverages, tobacco & kola; transport; and recreation & culture.

The urban all-items CPI at the end of the fourth quarter, 2007 was 191.40 (May 2003=100), indicating an increase of 2.4 and 11.6 per cent over the levels in the preceding quarter and corresponding quarter of 2006, respectively. However, the rural all-items CPI for the quarter at 157.0 (May 2003=100), represented a decline of 3.7 per cent from the level in the preceding quarter but an increase of 4.1 per cent over the level in the corresponding period of 2006.

The end-period inflation rate for the fourth quarter of 2007, on a year-on-year basis, was 6.6 per cent, compared with 4.1 and 8.5 per cent recorded in the preceding quarter and corresponding quarter of 2006, respectively. The inflation rate on a twelve-month moving average basis for the fourth quarter, was 5.4 per cent, compared with 5.9 per cent recorded in September 2007. The development reflected largely the stability in the supply of petroleum products.

5.0 EXTERNAL SECTOR DEVELOPMENTS

The gross external reserves rose by 7.1 per cent to US\$51.33 billion, compared with US\$47.93 billion and US\$42.30 billion in the preceding quarter and corresponding period of 2006, respectively. This level of reserves could finance 23.5 months of current import commitments, compared with 22.3 and 20.6 months in the preceding quarter and corresponding period of 2006, respectively.

5.1 Foreign Exchange Flows

Foreign exchange inflow and outflow through the CBN in the fourth quarter of 2007 amounted to US\$10.83 billion and US\$5.67 billion, respectively, representing a net inflow of US\$5.16 billion. Relative to the respective levels of US\$10.17 billion and US\$5.44 billion in the preceding quarter, inflow and outflow rose by 6.5 and 4.2 per cent, respectively. The rise in inflow was attributed to the 9.8 per cent increase in autonomous inflow, reinforced by the 6.4 per cent rise in oil earnings, while the increase in outflow was attributed largely to 11.4 and 97.8 per cent rise in DAS utilisation and autonomous outflows during the review quarter.

Available data on aggregate foreign exchange flows through the economy indicated that total inflow amounted to US\$23.16 billion, representing an increase of 8.2 and 58.6 per cent over the levels in the preceding quarter and corresponding period of 2006, respectively. Oil sector receipts, which accounted for 37.2 per cent of the total, stood at US\$8.62 billion, compared with US\$8.16 billion and US\$7.73 billion in the preceding quarter and corresponding period of 2006, respectively. Non-oil public sector inflows which accounted for 9.5 per cent of the total, rose by 10.0 per cent, while autonomous inflow which accounted for 53.2 per cent rose by 9.8 per cent.

At US\$6.56 billion, aggregate foreign exchange outflow from the economy rose by 11.4 per cent over the level in the preceding quarter but declined by 20.7 per cent from the level in the corresponding period of 2006. The rise in outflow relative to the preceding quarter was attributed largely to the 11.4 per cent increase in DAS utilisation, reinforced by the 97.8 per cent rise in autonomous outflows. The rise was, however, moderated mainly by the 35.1 per cent fall in autonomous outflows. Consequently, a total inflow of US\$23.16 billion was recorded during the review quarter, representing a net inflow of US\$16.60 billion, compared with the net inflow of US\$15.51 billion and US\$6.33 billion in the preceding quarter and the corresponding period of 2006, respectively.

Figure 12: Quarterly Consumer Price Indices in Nigeria (2003=100)

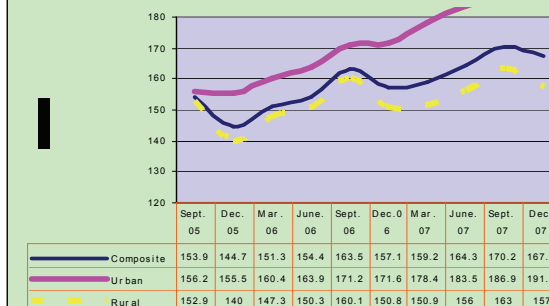
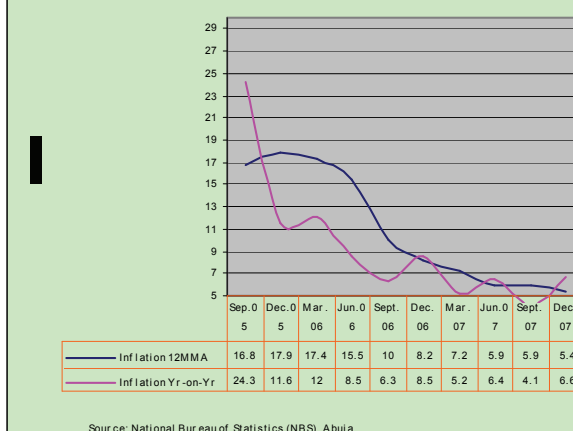
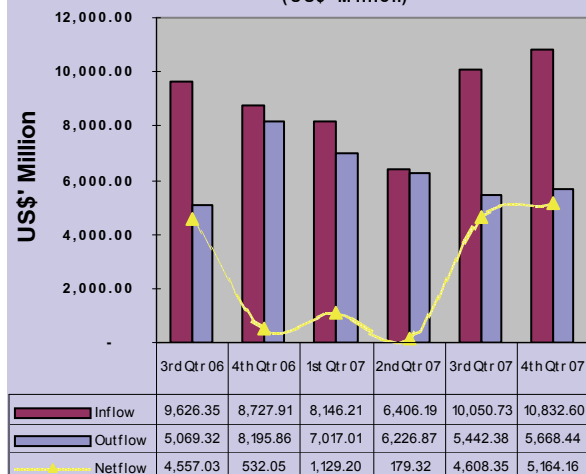


Figure 13: Inflation Rate in Nigeria (Per Cent)



Source: National Bureau of Statistics (NBS), Abuja

Figure 14: Foreign Exchange Flow Through the CBN (US\$ Million)



5.2 Non-Oil Export Proceeds by top 100 Exporters

Total non-oil export earnings by Nigeria's top 100 exporters increased by 2.9 per cent over the level in the preceding quarter to US\$274.37 million in the review period. A breakdown of the proceeds showed that proceeds in respect of agricultural and manufacturing sub-sectors rose from US\$96.44 million and US\$100.34 million in the preceding quarter to US\$130.59 million and US\$120.52 million, respectively, while "others" fell from US\$51.99 million to US\$23.26 million.

The shares of agricultural, manufacturing and "others" sub-sectors in total non-oil export proceeds were 47.6, 43.9 and 8.5 per cent, respectively, compared with 36.2, 44.3 and 19.5 per cent, in the preceding quarter. The rise in the shares of manufacturing and "others" sub-sectors was attributable largely to the increase in the prices of the goods traded at the international market. The top 100 exporters accounted for 99.6 per cent of all the non-oil export proceeds in the fourth quarter of 2007.

5.3 Sectoral Utilisation of Foreign Exchange

The industrial sector accounted for the bulk (35.0 per cent) of total foreign exchange disbursed in the fourth quarter of 2007, followed by invisible sector (28.4 per cent). Other beneficiary sectors, in a descending order of importance, included: general merchandise (23.9 per cent), food (6.7 per cent), transport (5.0 per cent) and agricultural products (1.0 per cent) (Fig.12).

5.4 Foreign Exchange Market Developments

Foreign exchange sales by the CBN to end-users through the authorized dealers stood at US\$3.37 billion, indicating a decline of 16.5 per cent from the level in the preceding quarter. However, a total amount of US\$945.00 million was exchanged under swap transaction during the quarter under review. Under the WDAS, the weighted average effective exchange rate of the Naira vis-à-vis the US dollar appreciated by 4.7 per cent to ₦121.00 per dollar from ₦126.74 per dollar in the preceding quarter. It also showed an appreciation of 6.0 per cent over the level in the corresponding period of 2006. In the bureaux de change segment of the market, the naira traded at an average of ₦123.79 per dollar compared with ₦127.15 and ₦129.99 a dollar in the third quarter and the corresponding quarter of 2006, respectively. Consequently, the premium between the official and the bureaux de change rates widened from 0.3 per cent in the preceding quarter to 2.3 per cent.

Figure 15: Sectoral Utilization of Foreign Exchange (Percentage of Total)

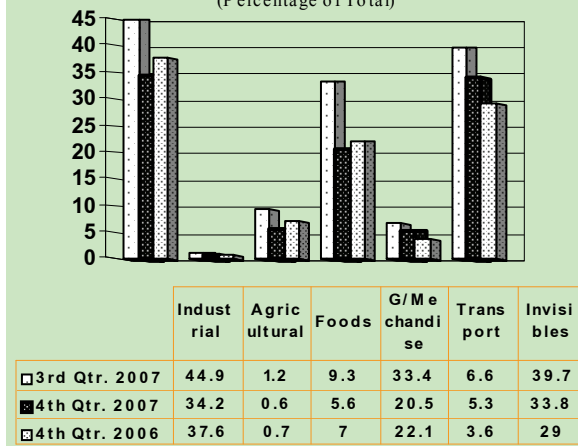


Figure 16: Average Exchange Rate Movements

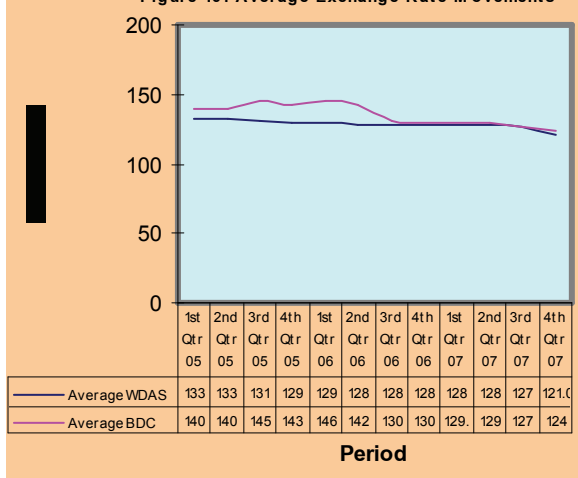
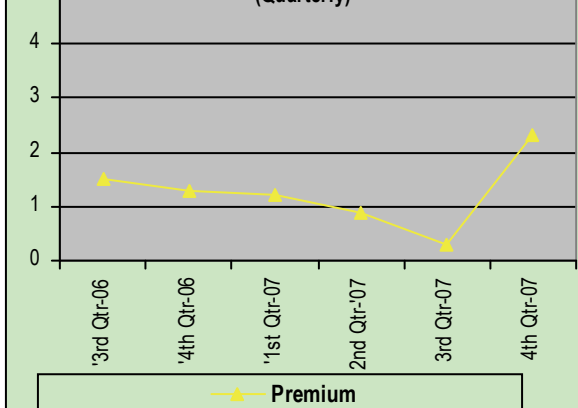


Figure 17: WDAS-BDC Exchange Rate Premium (Quarterly)



6.0 OTHER INTERNATIONAL ECONOMIC DEVELOPMENTS

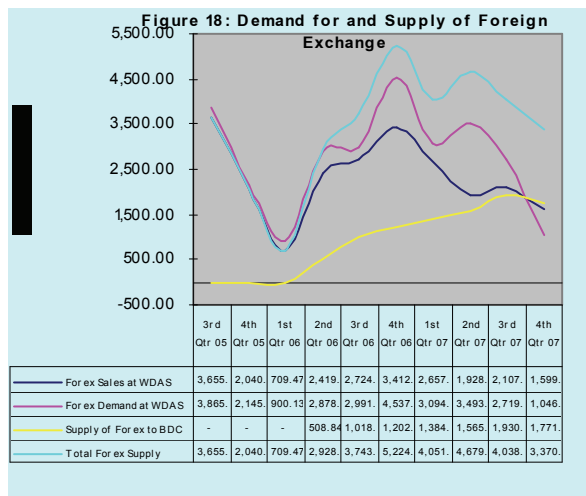
World crude oil output in the fourth quarter of 2007 was estimated at 85.9 million barrels per day (mbd), while demand was estimated at 87.0 mbd, compared with 84.7 and 85.4 mbd supplied and demanded in the preceding quarter, respectively. The increase in demand was attributed to the onset of the winter period as more crude would be required for heating purposes.

Other major international economic developments of relevance to the domestic economy during the quarter included: the visit by His Excellency, Dr. Manmohan Singh, the Prime Minister of India from October 14-16, 2007. The Prime Minister held extensive and fruitful discussions with His Excellency, President Umaru Musa Yar'Adua that would further boost the existing relationship and open new windows for economic and social relations between the countries (See October Report).

The Annual Meetings of the Inter-governmental Group of Twenty-Four (G-24) on International Monetary Affairs and Development, the International Monetary Fund (IMF) and the World Bank was held in Washington D.C., USA from October 17-22, 2007 (See October Report).

Also, the sixteenth meeting of the International Monetary and Financial Committee (IMFC) was held in Washington D.C. on October 20, 2007. The Committee welcomed the strong growth of the global economy in the first half of 2007. It also noted the continued support enjoyed by the emerging economies from the developing countries, but cautioned that recent disturbances in the financial markets in advanced economies could have moderating effects on growth, as downside risks to future prospects of the global economy seemed to have increased.

The 10th Meeting of the Legal and Institutional Issues Committee (LIIC) of the West African Monetary Zone (WAMZ) was held at the West African Monetary Institute (WAMI) in Accra, Ghana, from October 1-3, 2007. The objective of the meeting was to consider and review the following draft legal documents: Payments System Statute; Amendment to the WAMI Statute; Single Economic Space and Prosperity Agreement; the Company Statute of the WAMZ and the Banking Statute of the WAMZ (See October Report).



An extraordinary meeting of the ECOWAS Convergence Council was convened by the ECOWAS Commission on October 9, 2007 in Ouagadougou. The purpose of the meeting was to deliberate on the report of a Technical Committee on the ECOWAS Single Currency Initiative (See October Report).

In another development, the International Monetary Fund (IMF) conducted an Article IV Mission to Nigeria from November 7 – 20, 2007. Discussions focused on recent developments in the Nigerian economy and the outlook for 2008 and the medium term (See November Report).

Also, the World Bank brief, released the Remittance Trends 2007 on November 30, 2007. The brief revealed that remittances to developing countries would reach an estimated \$240 billion, while worldwide flows of remittances are expected to reach \$318.0 billion in 2007 (See November Report).

The meeting of the Special Implementation Committee (SIC) of the National Working Group of the Nigeria/South Africa Bi-National Commission (BNC) was held in Pretoria, South Africa (SA) from November 26 - 28, 2007. The SIC aims at promoting partnership between Nigeria and South Africa. The objective of the meeting was to undertake a frank assessment of its performance so far, and to explore ways of achieving higher levels of effectiveness. It was to further enhance bilateral relations and ensure that the two countries remain focussed as the key and strategic players in their respective sub-regions, towards the consolidation of the African Agenda (See November Report).

The Group of Developing Eight countries (D-8) held their first meeting on “Financial Infrastructure Development among the D-8 countries” and the 3rd seminar on the regulation of Takaful Insurance in Cairo, Egypt, from November 26-28, 2007. The Nigerian delegation to both events comprised of representatives from the Ministry of Foreign Affairs, Nigeria Deposit Insurance Corporation (NDIC) and the Central Bank of Nigeria (CBN) (See November Report).

Lastly, the World Bank Africa Region Vice-President, Mrs. Obiageli Ezekwesili made a visit to Tokyo from December 12-14, where she made a passionate case for Africa during a foreign Correspondents’ Club media luncheon. Japan would be the center of attention for the African development agenda in May 2008 as it hosts the fourth Annual Tokyo International Conference on African Development (TICAD IV), where over 40 African heads of state are expected.

Highlights of the visit were as follows:

- Mrs. Ezekwesili stressed that Africa is turning a corner in its development history with growth holding steady in many countries above five per cent and even higher in countries that were exploiting natural resources. She, however noted that a group of countries, mostly in sub-Saharan Africa, were growing at less than the rate of population growth, and the efforts of the international development community must be doubled in such cases.
- Japan’s contribution to the International Development Association (IDA-15) replenishment had just been made public; and the visit was part of the strategic efforts by the Bank to raise awareness and commitment to Africa.
- The TICAD conference was also expected to create momentum for the African Development Aid Agenda before the leaders of the major industrial nations meet at the G-8 summit.
- Mrs. Ezekwesili noted that around 50 percent of IDA’s resources are directed to Africa and she appreciated the extraordinary efforts made by Japan to maintain its role as the third largest donor to IDA with a substantial contribution of \$3.2 billion.
- She called for Japan’s expertise in the infrastructure, education and telecommunications sectors to be put to best use in its Africa programmes. She described some of the bank’s success stories in education, microfinance, and infrastructure—the IDA-financed Bujagali Dam project in Uganda—while maintaining that ending corruption and building strong institutions to support governance reforms are essential for Africa’s future.

Ezekwesili’s messages were aimed at reinforcing efforts by the World Bank at consolidating political and public support for Africa in Japan during the year ahead.

Appendix 1: Selected Macroeconomic Indicators (GDP, Money & Credit, Money Market & Capital Market Indicators)

	4 th Qtr 05	1 st Qtr 06	2 nd Qtr 06	3 rd Qtr 06	4 th Qtr 06	1 st Qtr 07	2 nd Qtr 07	3 rd Qtr 07	4 th Qtr 07
GROSS DOMESTIC PRODUCT (at 1990 Constant Basic Prices)									
Growth Rate (%)	7.6	5.0	5.5	5.7	6.1	5.65	5.73	6.05	7.64
Oil share of GDP (%)	22.4	25.6	21.9	20.8	20.2	23.4	18.4	18.1	18.2
Non-Oil share of GDP (%)	77.6	74.4	78.1	79.2	79.6	76.6	81.6	81.9	81.9
GROSS DOMESTIC PRODUCT (at Current Basic Prices)									
Growth Rate (%)	26.8	22.7	23.3	25.3	24.3	35.1	20.1	24.9	28.28
Oil share of GDP (%)	36.1	46.1	39.0	35.0	35.8	39.5	33.5	30.2	30.5
Non-Oil share of GDP (%)	63.9	53.9	61.0	65.0	64.2	60.5	66.5	69.8	69.5
MONEY & CREDIT									
Narrow Money (M ₁) (%) ¹	10.8	-0.1	20.5	1.3	-8.1	4.8	-4.0	17.5	11.5
Broad Money (M ₂) (%) ¹	10.6	6.7	24.3	3.1	-4.5	8.8	2.0	9.3	7.7
Narrow Money ((M ₁) (%) ²	29.7	-0.1	20.5	22.0	12.2	4.8	0.6	18.3	31.9
Broad Money (M ₂) (%) ²	34.6	6.7	32.6	36.7	30.6	8.8	11.0	21.3	30.7
Aggregate Credit (Net) (%) ¹	-10.7	3.4	12.8	9.7	-69.1	-63.7	20.9	324.6	57.5
Aggregate Credit (Net) (=N= 'b) ¹	-275.9	78.9	306.0	-262.7	-1681.8	-480.2	330.9	1,404.8	2,212.7
Credit to Government (Net) (%) ¹	-49.3	45.5	-11.4	-134.5	-1231.8	-50.7	-14.2	11.7	-2.8
Credit to Government (Net) (=N= 'b) ¹	-297.0	139.3	-50.8	-530.7	-1,676.0	-918.2	-3,117.0	-2,752.6	-2,829.6
By CBN	-201.9	-8.2	-424.6	-467.6	-1,689.9	-516.6	-3,596.9	-3,818.4	3,996.0
By DMB	-95.2	147.5	-373.8	-63.0	14.0	-401.6	480.0	1,065.8	1,166.3
Federal Government Deposits (=N= 'b)	394.1	385.9	770.6	1,136.3	3,448.5	4,182.1	4,718.4	4,963.7	4,483.9
Credit to Private Sector (%) ¹	30.8	-3.01	18.3	11.6	0.2	17.1	14.8	20.6	21.3
Credit to Private Sector (=N= 'b) ¹	21.1	-60.4	356.7	268.0	-5.9	438.0	3,447.8	4,157.4	5,042.3
Private Sector Deposit (=N= 'b)	215.5	206.7	266.0	212.8	131.8	46.7	15.8	11.6	61.3
Aggregate Credit (%) ²	14.5	3.41	16.6	5.3	-67.4	-63.7	340.4	86.3	193.5
Credit to Government (%) ²	-37.0	45.5	28.9	-144.5	-692.1	-50.7	50.4	-51.9	-56.2
Credit to Private Sector (%) ²	30.8	-3.0	14.8	28.1	27.8	17.1	14.8	62.0	96.5
Base Money (=N= 'b)	762.8	728.9	797.6	805.7	974.9	841.3	858.3	898.3	1,220.2
(Growth Rate, %) ¹									
Currency in Circulation (=N='b)	642.4	563.7	602.8	615.1	779.3	727.4	715.0	722.3	960.2
Bank Reserves (=N='b)	120.4	165.2	194.8	190.6	195.7	113.8	143.3	245.0	300.0
Money Supply (=N='b)	2,814.8	3,003.1	3,733.7	3,848.9	3,674.6	3,998.1	4,079.8	4,458.5	4,801.9
NTB SALES (=N='b)									
NTB Sales at Primary Market	425.3	461.4	339.6	309.3	332.2	338.1	359.9	327.1	689.6

	4 th Qtr 05	1 st Qtr 06	2 nd Qtr 06	3 rd Qtr 06	4 th Qtr 06	1 st Qtr 07	2 nd Qtr 07	3 rd Qtr 07	4 th Qtr 07
NTB Sales at OMO	43.8	349.0	520.5	560.5	344.4	307.2	743.6	847.7	1,684.0
INTEREST RATES (%)									
Inter-bank Call Rate (Weighted Average)	10.53	13.47	3.62	5.72	6.69	7.28	8.00	8.13	8.99
Minimum Rediscount Rate/Monetary Policy Rate	13.0	13.0	14.0	14.0	10.0*	10.0	8.00	8.00	9.5
Treasury Bill Rate									
Savings Deposit Rate	3.33	3.48	2.96	2.94	3.14	3.62	3.81	3.51	3.19
Deposit Rates (Consolidated)	6.41	5.42	7.00	6.95	7.41	7.59	7.75	7.67	7.58
Average Term Deposit Rate	7.64	8.09	8.25	8.14	8.67	8.88	9.04	9.05	9.24
7 Days	4.46	4.41	4.88	4.36	5.11	5.40	5.59	5.83	5.82
1 Month	8.62	8.79	9.41	9.21	10.02	10.25	10.38	10.50	10.18
3 Months	8.88	9.23	9.77	9.79	10.25	10.28	10.37	10.45	10.29
6 Months	8.64	8.70	9.12	9.31	10.02	9.84	9.96	9.67	9.53
12 Months	8.65	8.72	8.74	8.01	7.89	8.42	8.11	7.46	7.92
Over 12 Months	6.60	5.47	7.58	8.14	8.73	8.78	9.85	9.69	9.67
Prime Lending Rate	17.63	16.52	16.77	17.15	17.26	17.48	17.30	14.48	16.46
Maximum Lending Rate	19.29	18.09	18.33	18.61	18.70	18.75	18.16	15.63	18.21
Average Lending Rate									
Real Interest Rate (Max. Lending Rate)	7.69	6.09	9.83	12.31	10.2	13.55	12.34	11.53	11.61
Real Interest rate (Ave. Deposit Rate)	-3.96	-3.91	-0.25	1.84	0.17	3.68	1.31	3.57	0.98
CAPITAL MARKET									
All Share Value Index	24,085.8	23,383.4	26,161.2	32,554.6	33,189.3	43,456.0	51,330.46	50,229.01	57,990.22
Market Capitalization (=N='t)	2.9	3.0	3.3	5.0	5.1	7.1	8.9	9.2	13.3
Value of Shares Traded (=N='b)	75.7	59.6	82.2	163.9	148.9	335.6	330.5	231.3	582.4
Volume of Shares Traded ('b)	8.3	5.3	7.1	11.9	12.5	26.2	37.8	35.9	37.7
1 Percentage change over preceding Quarter 2 Percentage change over preceding December * Commencement of MPR									

Appendix 2: Selected Macroeconomic Indicators (Fiscal, External & Real Sectors Indicators)

	4 th Qtr 05	1 st Qtr 06	2 nd Qtr 06	3 rd Qtr 06	4 th Qtr 06	1 st Qtr 07	2 nd Qtr 07	3 rd Qtr 07	4 th Qtr 07
FISCAL OPERATIONS OF THE FEDERAL GOVT									
Federally Collected Revenue (=N='b)	1,783.0	1,705.5	1,284.7	1,487.6	1483.1	1224.7	1,120.2	1,479.4	1,475.25
Oil Revenue	1,468.0	1,551.1	1,144.2	1,311.8	1,280.5	1,018.6	926.8	1,165.6	1,208.05
Non-Oil Revenue	315.0	154.4	140.5	175.7	202.6	206.0	193.4	281.0	267.20
Retained Revenue (=N='b)	533.7	374.5	395.1	492.7	564.1	473.1	670.5	566.6	561.02
Total Expenditure (=N='b)	697.5	333.8	309.3	498.1	685.8	485.1	585.5	515.7	1,081.09
Recurrent	329.1	327.1	267.0	354.2	339.5	307.1	251.5	375.27	507.04
Capital Expenditure	356.7	2.6	42.3	128.1	309.2	152.5	308.5	6.93	539.65
Transfers	11.7	4.1	38.4	15.9	37.1	25.6	25.6	16.75	34.40
Surplus/Deficit (=N='b)	-163.8	40.7	85.9	-5.5	-121.7	-12.1	85.1	153.47	-520.07
Ways and Means Advances (=N='b)	-	-	-	-	-	-	-	-	-
Statutory Limit (% of Budgeted Revenue)	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5
FOREIGN EXCHANGE FLOWS Through the CBN (US\$m)									
Inflow	9,870.67	9,655.16	8,717.74	9,626.35	8,727.91	8,146.21	6,406.19	10,050.73	10,832.60
Outflow	10,003.00	2,255.44	8,800.95	5,069.32	8,195.86	7,017.01	6,226.87	5,442.38	5,668.44
(Debt Service)	6,606.50	161.65	4,733.48	209.16	1,727.72	676.71	109.17	129.43	111.15
Net Flow	-132.35	7,399.72	-83.21	4,557.03	532.05	1,129.2	179.32	4,608.35	5,164.16
FOREIGN EXCHANGE MARKET									
Forex Sales at WDAS (US\$m)	2,040.35	709.47	2,419.2	2,724.62	3,412.38	2,657.85	2306.06	2,107.64	1,599.10
Forex Demand at WDAS (US\$m)	2,145.74	900.13	2,878.19	2,991.86	4,537.24	3,094.05	3493.66	2,719.61	1,046.40
Supply of Forex to BDC (US\$m)	0.00	0.00	508.84	1,018.92	1,202.24	1,384.1	1,185.60	1,930.6	1,771.19
Total Forex Supply (US\$m)	2,040.35	709.47	2,928.045	3,743.54	5,224.62	4,051.92	4,679.26	4,038.28	3,370.29
Average WDAS Exchange Rate	129.31	129.36	128.45	128.31	128.28	128.23	127.65	126.63	121.00
Average BDC Exchange Rate (=N='/\$)	143.06	145.97	142.33	130.24	129.99	129.80	128.83	127.15	123.79
BDC Premium	10.63	12.84	10.80	1.50	1.33	1.22	0.9	0.4	2.3
Depreciation									
BALANCE OF PAYMENTS (=N='b)									
Current Account (=N='b)	632.41	731.36	1,089.50	1,090.58	929.71	876.06	1,217.07	1,571.41	-
Goods	1,028.02	429.10	948.15	754.63	736.39	486.44	741.87	854.42	-
Export	1,504.96	1,068.219	1,560.51	1,531.80	1,460.38	1,320.18	1,505.46	1,646.70	-
Import	-476.94	-639.12	-612.35	-777.17	-723.99	-833.75	-763.59	-792.29	-
Services (net)	-96.56	-1.42	-65.03	-47.47	79.54	-6.27	-3.50	-43.06	-
Income (net)	-406.49	-42.87	-52.97	-26.22	69.26	7.13	-20.53	-16.23	-

	4 th Qtr 05	1 st Qtr 06	2 nd Qtr 06	3 rd Qtr 06	4 th Qtr 06	1 st Qtr 07	2 nd Qtr 07	3 rd Qtr 07	4 th Qtr 07
Current Transfers (net)	107.44	346.55	259.35	262.24	342.12	388.76	499.23	657.70	-
Capital and Financial Accounts	1,438.23	292.98	-1,050.67	-604.58	-668.18	-762.67	-1,231.15	-897.94	-
Capital Account (net)	1.94	1.10	2.23	2.60	1.92	1.60	1.96	2.58	-
Financial Accounts (net)	1,440.17	291.88	1,052.90	-607.19	-670.10	-764.27	-1,233.11	-900.52	-
Direct Investment	90.39	125.24	85.03	71.06	136.09	147.50	161.14	365.22	-
Net Errors and Omissions	-3.62	-3.23	-4.45	-2.54	-1.92	-3.58	-3.80	-2.52	-
Overall Balance	-809.45	1,021.11	34.38	483.43	259.61	109.82	6.50	670.95	-
EXTERNAL RESERVES (US\$b)	28.28	36.20	36.48	40.46	42.30	42.60	42.63	47.97	51.33
CRUDE OIL PRODUCTION (MBD)									
Total World Supply	84.4	85.2	84.5	84.9	85.2	85.4	85.5	86.0	85.9
OPEC	34.3	34.5	33.6	34.2	34.0	33.7	35.1	36.3	35.10
Non-OPEC	50.1	50.7	50.8	50.6	51.3	50.6	50.3	49.5	50.77
CRUDE OIL PRICES (US\$/Barrel)									
Bonny Light	58.6	62.5	70.5	71.5	61.6	59.9	71.2	79.6	91.99
OPEC Basket	52.3	58.0	64.9	66.2	56.1	54.6	64.3	73.1	90.00
DOMESTIC PRICES									
12 MMA Inflation Rate (%)	17.9	17.4	15.5	10	8.2	7.2	5.9	5.9	5.4
Y/Y Inflation Rate (%)	11.6	12.0	8.5	6.3	8.5	5.2	6.4	4.1	6.6
Core Inflation:12 MMA (%) ²	8.8	11.1	11.0	11.2	12.8	13.4	11.1	10.6	9.2
Core Inflation: Y/Y (%) ²	2.4	16.3	13.6	10.6	17.3	8.9	9.6	10.5	3.6
Food Inflation:12 MMA (%) ³	23.1	20.7	18.0	9.0	5.6	3.3	2.0	2.1	1.9
Food Inflation: Y/Y (%) ³	15.5	9.3	6.2	4.3	3.9	1.7	3.2	-0.8	8.2
INDUSTRIAL PRODUCTION									
Index of Industrial Production	115.3	123.2	124.4	120.6	114.8	120.80	121.70	120.90	118.84
Index of Manufacturing Production	86.5	91.9	92.6	87.2	86.6	89.60	89.80	89.40	90.07
Index of Mining Production	133.7	144.4	148.1	145.3	132.8	132.10	132.40	133.50	133.64
Average Electricity Generation (MW/h)	2,912.7	3,074.6	3,016.2	2,744.7	2,520.1	2,271.5	2,950.0	2,794.1	3,850.0
Average Electricity Consumption (MW/h)	1,845.4	1,832.0	1,796.6	1,760.9	1,725.1	1,689.1	1,796.6	1,617.0	1,750.0
¹ Provisional ² Core Inflation based on consumer price index (CPI) of All Items less Farm Produce ³ Inflation based on consumer price index (CPI) of food									