CENTRAL BANK OF NIGERIA

ECONOMIC REPORT
THIRD QUARTER 2012

The Central Bank of Nigeria Quarterly Economic Report is designed for the dissemination of financial and economic information on the Nigerian economy on current basis. The Report analyses developments in the financial, fiscal, real and external sectors of the economy, as well as international economic issues of interest. The Report is directed at a wide spectrum of readers including economists and financial analysts in government and the private sector, as well as general readers.

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1.0 Summary

Available data showed that gross domestic product (GDP) grew by 6.5 per cent, compared with the 6.4 per cent in the preceding quarter. The development was attributed, largely, to the increase in the contribution of agriculture and communication sectors.

Broad money supply, (M_2), grew by 4.1 per cent at end-September 2012 relative to the level at end-June 2012. The development reflected the 0.3 and 9.7 per cent rise in domestic credit (net) and foreign assets (net) of the banking system, respectively, which more than offset the 2.8 per cent fall in other assets (net) of the banking system. Narrow money supply, (M_1), fell by 3.2 per cent, in contrast to the increase of 1.2 per cent at the end of the preceding quarter of 2012. Reserve money (RM) rose by 24.1 per cent to ₦3,117.1, from ₦2,512.5 at the end of the preceding quarter.

Available data indicated a mixed trend in banks' interest rates. The spread between the weighted average term deposit and maximum lending rates widened to 16.92 per cent from 16.49 per cent in the preceding quarter. The margin between the average savings deposit and maximum lending rates also widened from 21.70 per cent in the preceding quarter to 21.80 per cent. The weighted average interbank call rate, which stood at 14.34 per cent in the preceding quarter, rose to 15.50 per cent, reflecting the liquidity condition in the interbank funds market.

Provisional data indicated that the value of money market assets outstanding increased by 3.6 per cent above the level in the preceding quarter to ₦6,029.8 billion. The development was attributed to the 4.4 and 2.3 per cent increase in FGN Bonds and NTBs outstanding, respectively. Activities on the Nigerian Stock Exchange (NSE) in the third quarter 2012 were mixed.

Total federally-collected revenue in the third quarter of 2012 stood at ₦2,797.59 billion, representing an increase of 15.5 and 7.8 per cent above the budget estimate and the level in the preceding quarter, respectively, but a decline of 15.9 per cent below the receipts in the corresponding period of 2011. At ₦1,936.15 billion, oil receipts, which constituted 69.2 per cent of the total, exceeded the budget estimate by 16.7 per cent but declined by 2.3 and 26.7 per cent below the receipts in the preceding quarter and corresponding quarter of 2011, respectively. The decline in oil receipts relative to the preceding quarter was attributed, largely, to the fall in the receipts from domestic crude oil and gas sales during the period.

Non-oil receipts, at N861.44 billion (30.8 per cent of the total), was above the budget estimate and receipts in the preceding quarter by 12.8 and 40.1 per cent, respectively. The increase in non-oil revenue relative to the preceding quarter's level, largely reflected the rise in corporate tax, education tax, customs and excise duties and National Information Technology Development Fund (NITDF) during the review period.

Federal Government retained revenue for the third quarter of 2012 was ₦762.64 billion, while total expenditure was ₦1,221.73 billion. Thus, the fiscal operations of the Federal Government resulted in an estimated deficit of ₦459.09 billion or 4.4 per cent of the nominal GDP for third quarter 2012, compared with the deficit of ₦211.78 billion and ₦161.14 billion for the preceding quarter and the corresponding quarter of 2011, respectively.

Agricultural activities were adversely affected by the harsh weather conditions experienced during third quarter of 2012. The heavy rains caused widespread flooding with the attendant destruction of farmlands. The negative impact of the weather condition, particularly along the River Niger plains created concern about possibility of food scarcity in the coming year.

Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at 2.26 million barrels per day (mbd) or 207.92 million barrels for the quarter. Crude oil export was estimated at 1.81 mbd or 166.52 million barrels for the quarter, while deliveries to the refineries for domestic consumption remained at 0.45 mbd or 41.4 million barrels. The average price of Nigeria's reference crude, the Bonny Light (37^0 API), estimated at US$111.04 per barrel, rose by 1.6 per cent over the level in the preceding quarter.

The end-period headline inflation rate (year-on-year), for the third quarter of 2012, was 11.3 per cent, compared with 12.9 and 10.3 per cent recorded at the end of the preceding quarter and the corresponding quarter of 2011, respectively. Inflation rate on a twelve-month moving average basis was 11.9 per cent, compared with 11.3 and 11.4 per cent in the preceding quarter and the corresponding quarter of 2011, respectively.

Foreign exchange inflow and outflow through the Central Bank of Nigeria (CBN) amounted to US$14.46 billion and US$9.21 billion, respectively, resulting in a net inflow of US$5.83 billion during the quarter. Foreign exchange sales by the CBN to the authorized dealers amounted to US$6.8 billion in the third quarter of 2012, compared with US$8.7 billion in the preceding quarter.

The average exchange rate of the Naira vis-à-vis the US dollar depreciated by 0.02 per cent to ₦157.39 per US dollar. It also depreciated by 2.6 per cent relative to the level in the corresponding quarter of 2011. In the bureau-de-change segment of the market, the naira traded at an average of ₦161.79 per US dollar, compared with ₦160.82 per US dollar in the preceding quarter. In the interbank segment, the Naira exchanged for an average of ₦159.36 to the US dollar in the third quarter of 2012, compared with ₦159.41 and ₦154.3 per US dollar in previous quarter and the corresponding quarter of 2010, respectively. Provisional data on non-oil export earnings by Nigerian exporters, at US$571.07 million, declined by 40.9 below the level in the preceding quarter, but increased by 58.9 per cent over the level in the corresponding quarter of 2011 respectively.

Growth in global output remained sluggish during third quarter 2012, as the euro area debt crisis intensified. The International Monetary Fund latest Economic Outlook forecast the world economy to expand by 3.3 per cent at the end of 2012. Real GDP in Euro area was projected to contract by 0.4 per cent at the end of 2012, while growth in the US was projected to slow further from 2.0 and 1.7 per cent in the first and second quarter, respectively. Growth is also estimated to have weakened in developing Asia, including China, India and Japan. Real GDP in Latin America decelerated in most part of the third quarter, largely, due to declining production in Brazil. Continued uncertainty with political and economic transition within the Middle East and North Africa in the aftermath of the Arab spring have weakened terms of trade and heightened slow growth.

Declining crude oil supply which started since second quarter continued through third quarter as a result of reduced production in both OPEC and non-OPEC countries. This decline in supply was reflected in prices increase with price of Brent Crude Oil reaching at $116/pbl mid-way through September. However, market watchers expect lower oil prices over the medium term, with future contracts for December 2013 trading at US$107 per barrel.

Global inflation continued to ease, largely in response to the receding commodity prices since the first half of the year. Deceleration in global inflation has also been accentuated by slowdown in global activity in many advanced economies. Core inflation in advanced economies remained steady at about 1.5 per cent, while headline inflation in emerging market and developing economies declined by almost 2 percentage points. Assuming broadly unchanged commodity prices, headline inflation is forecast to moderate to 1.8 per cent in 2013.

Other major international economic developments and meetings of relevance to the domestic economy during the quarter included: the Stakeholders' Forum on Capital Markets Integration in West Africa held in Accra, Ghana from 23- 24 August, 2012. The Forum was organized by the West African Monetary Institute (WAMI) in collaboration with the Ghana Stock Exchange. The Forum recognized the important roles the central banks in the sub-region would play in facilitating the process and granted them observer status on the newly constituted Governing Council. The Forum also identified important areas of collaboration with the central banks to include payment settlements, capital account movement, foreign exchange controls and money laundering.

The ECOWAS Central Bank Governors met and deliberated on recent developments during the Mid-Year 2012 statutory meetings of WAMA, WAMI and West African Institute for Financial and Economic Management (WAIFEM) held in Monrovia, Liberia from July 11 – 12, 2012. The Governors considered and adopted the Reports of the West African Institute for Financial and Economic Management (WAIFEM), deliberated on multilateral surveillance of ECOWAS member countries, statistical and policy harmonization, international financial reporting standards (IFRS), developments on exchange rates of member countries, research papers, and accession of Cape Verde to WAMA. The Governors also noted the developments on the exchange rates of member countries, but directed WAMA to make further consultations with other relevant stakeholders in the region. At the meeting of the WAMI, the Governors deliberated on the reports of the West African Monetary Zone (WAMZ) macroeconomic convergence, policy papers, payments system development project, trade integration study, ACBF-Funded Project on institutional strengthening, quoting and trading in WAMZ currencies, audited financial statements for 2011 and mid-year budget review. Finally, the Central Bank Governors met and considered the report of the College of Supervisors of WAMZ on the fringes of the ECOWAS institutions' meetings on July 12, 2012 in Monrovia, Liberia.

2.0 Financial Sector Developments

2.1 Monetary and Credit Developments

The growth in the key monetary aggregate was moderate at the end of the third quarter of 2012. Banks' deposit rates generally increased, while lending rates indicated mixed developments during the quarter under review. The value of money market assets increased, due largely, to the rise in FGN bonds and NTBs. Transactions on the Nigerian Stock Exchange (NSE) were mixed during the review quarter.

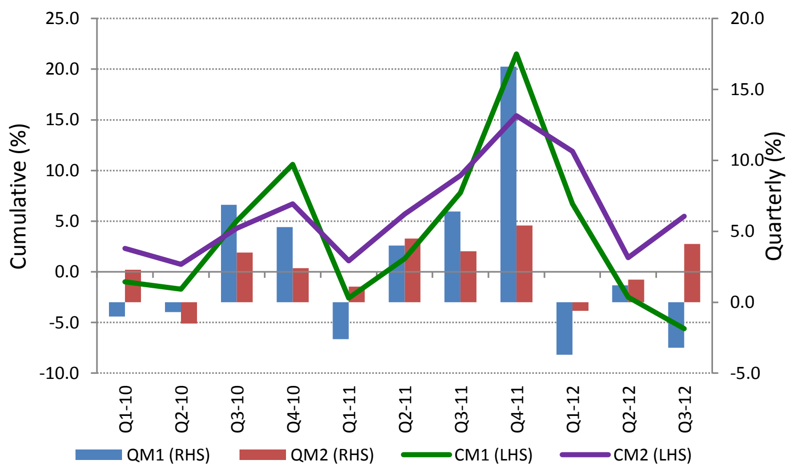
Growth in the key monetary aggregate moderated during Q3 2012.

Provisional data indicated that growth in the major monetary aggregate was moderate at the end of the third quarter of 2012. Relative to the level at the end of the preceding quarter, broad money supply, (M_2), grew by 4.1 per cent to ₦14,040.7 billion at end-September 2012, compared with the growth of 1.6 and 3.7 per cent at the end of the preceding quarter and corresponding period of 2011. The development reflected the 0.3 per cent and 9.7 per cent growth in Domestic credit (net) and foreign assets (net), of the banking system respectively. Over the level at end-December 2011, the growth in M_2 was sluggish at 5.5 per cent. This compared with the 1.4 per cent increase at the end of the second quarter. The development was attributed to the 15.6 per cent growth in foreign assets (net) which more than offset the 2.5 per cent decline in domestic credit (net) of the banking system.

Narrow money supply, (M_1), at ₦6,389.2 billion, fell by 3.2 per cent at the end of the third quarter, in contrast to the increase of 1.2 per cent at the end of the preceding quarter. The development reflected the 3.5 and 1.6 per cent fall in the demand deposit and currency components, respectively. Relative to the level at end-December 2011, (M_1) declined by 5.6 per cent, reflecting largely, the 14.0 per cent fall in currency outside banks during the review period.

Quasi money, at ₦7,652.5, rose by 11.2 per cent compared with an increase of 2.0 and 1.2 at the end of preceding quarter and corresponding quarter period of 2011. Relative to the level at end-December 2011, Quasi money rose by 17.1 per cent. Correspondingly, the increase in quasi money more than offset the effect of the decline in the narrow money supply (Fig. 1, Table 1).

Figure 1: Growth Rate of Narrow Money (M_1) and Broad Money (M_2)[1]



At ₦13,348.1 billion, aggregate banking system credit (net) to the domestic economy, rose by 0.3 per cent at the end of the third quarter of 2012. This compared with the growth of 12.1 and negative 2.7 per cent at the end of the corresponding quarter of 2011 and preceding quarter. The development reflected, largely, the 1.6 per cent increase in claims on the private sector.

Over the level at end-December 2011, aggregate banking system credit (net) to the domestic economy fell by 2.5 per cent, reflecting largely the 218.1 per cent fall in claims on the Federal Government.

Banking system's credit (net) to the Federal Government, at the end of the review quarter, declined by 14.5 per cent to negative ₦1,580.3 billion, compared with the decline of 213.2 per cent in the preceding quarter. The development was accounted for, largely, by the decline in banking system's

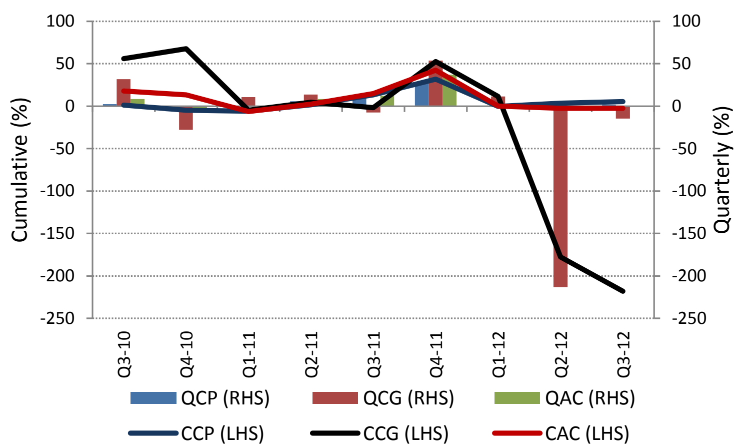
[1] QM1 and QM2 represent quarter-on-quarter changes, while CM1a and CM2 represent cumulative changes (year-to-date).

holdings of FGN Bonds and Treasury Bills. Over the level at-end December 2011, aggregate banking system's credit (net) to the Federal government fell significantly by 218.1 per cent, reflecting largely the fall in claims on the federal government by banks. The Federal Government, however, remained a net lender to the banking system at the end of the review quarter.

Banking system credit to the private sector rose at the end of the third quarter of 2012.

At the end of third quarter 2012, banking system's credit to the private sector rose by 1.6 per cent to ₦14,928.5 billion, compared with the increase of 4.1 and 11.6 per cent at the end of the preceding quarter and corresponding period of 2011, respectively. The development was attributed, largely, to the 1.6 per cent increase in claims on the core private sector (Fig. 2, Table 1).

Figure 2: Growth Rate of Aggregate Domestic Credit to the Economy[2]



At ₦8,251.8 billion, foreign assets (net) of the banking system increased by 9.7 per cent at the end of the review quarter, compared with the increase of 3.0 per cent at the end of the preceding quarter. The development was attributed to the 24.5 and 6.0 per cent increase in DMBs and CBN's holdings of foreign assets respectively. Relative to the level at end-December 2011, foreign assets (net) of the banking system,

Foreign assets (net) of the banking system increased at the end of the quarter under review.

[2] QCP, QCG and QAC represent quarter-on-quarter changes in credit to private sector, credit to government (net) and aggregate credit (net) to the domestic economy, respectively, while CCP, CCG and CAC, represent the cumulative changes (year-to-date).

also grew by 15.6 per cent reflecting, largely the 41.7 per cent increase in DMBs holdings of foreign assets.

At the end of the review quarter, other assets (net) of the banking system declined by 2.8 per cent, to negative ₦7,559.2 billion, compared with the decline of 4.7 and 26.6 per cent at the end of preceding quarter and corresponding period of 2011, respectively. The decline reflected, largely, the fall in unclassified assets of the CBN. Relative to the level at end-December 2011, other assets (net) of the banking system, declined by 0.5 per cent.

Table 1: Growth in Monetary and Credit Aggregates (Percent)

	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12
Domestic Credit (Net)	-9.8	8.5	12.1	37.2	0.2	-2.7	0.3
Claims on Federal Government (Net)	-40.1	13.7	-7.5	53.5	9.9	-213.2	-14.5
Claims on Private Sector	-4.1	5.6	11.6	27.9	-0.1	4.1	1.6
Claims on Other Private Sector	-4.3	5.6	12.3	15.8	-0.3	3.9	1.6
Foreign Assets (Net)	7.4	-7.6	3.4	7.0	2.3	3.0	9.7
Other Assets (Net)	13.6	-10.1	26.6	-87.0	-3.0	4.7	-2.8
Broad Money Supply (M2)	1.1	4.5	3.6	5.4	-0.2	1.6	4.1
Quasi-Money	4.6	4.9	1.2	-1.3	3.3	2.0	11.2
Narrow Money Supply (M1)	-2.6	4.0	6.4	12.7	-3.7	1.2	-3.2
Memorandum Items:							
Reserve Money (RM)	-7.6	21.1	-7.6	45.9	-9.2	-0.6	24.1

2.2 Currency-in-circulation (CIC) and Deposits at the CBN

At ₦1,348.8 billion, currency in circulation fell by 1.1 per cent at the end of the third quarter of 2012, compared to the decline of 4.8 per cent at the end of the preceding quarter. The development was attributed, largely, to the 1.6 per cent decline in currency outside the banking system. Relative to the level at end-December 2011, currency in circulation fell by 13.9 per cent.

Total deposits at the CBN amounted to ₦6,873.9 billion, indicating an increase of 6.2 per cent, compared with 15.7 per cent at the end of the preceding quarter. The development reflected the 53.9 increase in DMBs deposits which more than offset the 0.6 and 4.5 per cent decline in private sector and Federal Government deposits, respectively. Of the total deposits, the shares of the Federal Government, banks and ''others'' were ₦4,502.2 billion (65.5 per cent), ₦1,768.3 billion (25.7 per cent) and ₦603.4 billion (8.8 per cent), respectively, compared with 72.9, 17.8 and 9.3 per cent in the preceding quarter.

Reserve money (RM) increased at the end of the third quarter of 2012.

Consistent with the trends in DMBs' deposits with the CBN, the reserve money (RM), increased by 24.1 per cent to ₦3,117.1 billion, from ₦2,512.5 billion at the end of the preceding quarter.

2.3 Money Market Developments

Monetary policy was largely restrictive in the third quarter of 2012. While the monetary policy rate (MPR) was maintained at 12.0 per cent, the Cash Reserve Requirement (CRR) was increased to 12.0 per cent from 8.0 per cent. Moreover, Net Open Position (NOP) was reduced to 1.0 per cent from 3.0 per cent. The reduction in NOP was expected to reduce demand in the foreign exchange market thereby ensuring stability in of the exchange rate.

Provisional data indicated that the value of money market assets outstanding for the third quarter of 2012 stood at ₦6,029.80 billion, showing an increase of 3.6 per cent, in contrast to the decline of 0.3 per cent at the end of the second quarter of 2012. The development was attributed to the 4.4 and 2.3 per cent increase in FGN Bonds and Treasury Bills outstanding, respectively.

2.3.1 Interest Rate Developments

Available data indicated mixed trends in banks' interest rates in the third quarter of 2012. The average savings deposit rate rose from 1.70 per cent in the second quarter to 1.75 per cent in the third quarter. With the exception of the 12 months and over 12 months deposits rate, which declined from a range of 6.82 – 7.22 per cent in the second quarter to 4.64 – 6.75 per cent in the third quarter, all rates on deposits of various maturities rose from a range of 1.70 – 14.34 per cent in the second quarter to 1.75 – 15.50 per cent at the end of the third

Most deposit rates of various maturitiestrended upwards in Q3 2012.

quarter. At 6.63 per cent, average term deposit rate, declined by 0.27 percentage point below the level in the preceding quarter. The average prime lending rate fell by 2.55 percentage points to 14.39, while the maximum lending rate rose by 0.15 percentage points to 23.55 in the third quarter. Consequently, the spread between the weighted average term deposit and maximum lending rate widened by 0.43 percentage points to 16.92 percentage points from 16.49 per cent in the preceding quarter. The margin between the average savings deposit and the maximum lending rate, also widened, from 21.70 percentage points in the preceding quarter to 21.80 perc*entage points. With headline inflation rate of 11.3 per cent at end-September 2012,* all rates, with the exception of lending rates, were negative in real terms.

The spread between the weighted - average term deposit and maximum lending rates widened.

At the interbank call segment, the weighted average inter-bank call rate, which stood at 14.34 per cent at end of the second quarter, rose by 1.16 percentage points to 15.50 per cent in the third quarter of 2012, reflecting the liquidity condition in the inter-bank funds market. The weighted average rate at the Open Buy Back (OBB) segment, increased to 14.49 per cent at the end of the review quarter from 13.99 per cent in the preceding quarter. The Nigeria Inter-bank Offered Rate (NIBOR) for the 7- and 30-day tenors also increased to 16.06 and 16.75 per cent, respectively, in the review quarter from 14.90 and 15.33 per cent in the second quarter of 2012 (Fig. 3, Table 2).

Interbank and money market rates trended upwards in Q3 2012.

Figure 3: Selected DMBs Interest Rates (Average)

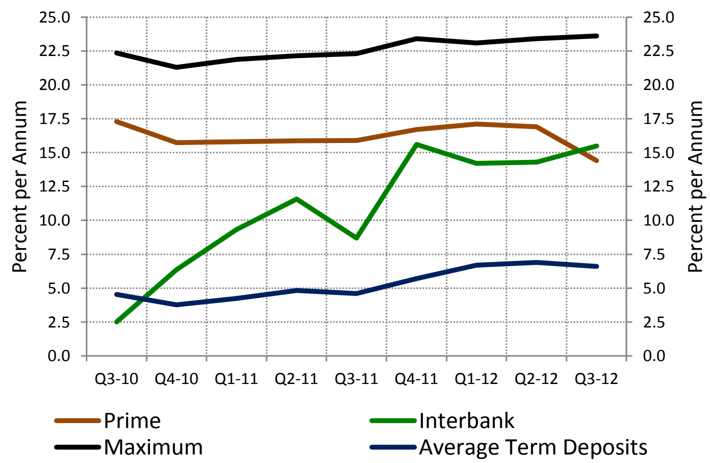


Table 2: Selected Interest Rates (Percent, Averages)

	Q3-10	Q4-10	Q1-11	Q2-11	Q3-11	Q4-11	Q1-12	Q2-12	Q3-12
Average Term Deposits	4.1	4.4	4.1	4.7	4.6	5.7	6.7	6.9	6.6
Prime Lending	17.0	15.7	15.8	15.8	15.9	16.7	17.1	16.9	14.4
Interbank	2.5	8.2	7.6	10.6	8.7	15.3	14.2	14.3	15.5
Maximum Lending	22.3	21.9	21.9	22.2	22.3	23.4	23.1	23.4	23.6

2.3.2 *Commercial Paper (CP)*

The value of Commercial Paper (CP) held by DMBs declined by 40.0 per cent to ₦1.2 billion at the end of the third quarter of 2012, compared to a decrease of 98.9 per cent at the end of the preceding quarter. Thus, CP constituted 0.02 per cent of the total value of money market assets outstanding, compared with 0.03 per cent as at the end of the preceding quarter.

Investment in CP by DMBs declined in the third quarter of 2012.

2.3.3 *Bankers' Acceptances (BAs)*

The value of BAs held by DMBs fell by 19.1 per cent to ₦17.1 billion at the end of the review quarter, compared with the decline of 25.5 per cent at the end of the preceding quarter. The development reflected the decline in investments in BAs by deposit money banks and discount houses. Consequently, BAs accounted for 0.28 per cent of the total value of money market assets outstanding at the end of the review quarter, compared with 0.36 per cent at the end of the preceding quarter.

DMBs' holdings of BAs fell during Q3 of 2012.

2.3.4 *Open Market Operations*

Bills of maturities ranging from 38-84 days were used to mop up excess liquidity at the Open Market Operation (OMO). Total sales in the third quarter amounted to ₦328.21 billion, while total subscriptions was ₦869.34 billion. The bid rates ranged from 13.25–18.00 per cent, while the stop rates ranged from 13.70–14.60. The total sale was 58.3 per cent below the level in the preceding quarter.

2.3.5 *Primary Market*

At the primary market segment, NTBs of 91-, 182- and 364-day tenors, amounting to ₦822.05, ₦2,095.54 and ₦822.05 billion, respectively, were offered, subscribed to and allotted in the third quarter of 2012, compared with the respective sums of ₦970.81 billion, ₦2,518.62 billion and ₦970.81 billion in the preceding quarter. The bid rates ranged from 10.50 to 26.00, 10.50 to 23.00 and 11.95 to 23.50 per cent for the 91-, 182- and 364-day tenor, respectively, while the stop rates ranged from 12.00 – 15.05, 12.60 – 15.30 and 13.05 – 15.60 per cent.

2.3.6 *Bonds Market*

Subscription for FGN Bonds of various maturities moderated during third quarter of 2012.

FGN Bonds of 5-, 7- and 10-year tranches were re-opened during the third quarter of 2012. The total amount offered, subscribed to and allotted for the 5-, 7- and 10-year were ₦210.00 billion, ₦452.68 billion, and ₦210.00 billion, respectively. The marginal rates were between 12.90 – 16.59 per cent, which were lower than the rates observed in the preceding quarter. The decrease in the yield during the review period was attributed to the increased interest particularly by foreign portfolio investors arising from plans by JP Morgan Chase & CO. to include some FGN bonds in its GBI-EM Index from October 1st 2012.

2.3.7 CBN Standing Facilities

The total Standing Lending Facility (SLF) granted during the review period was ₦6,537.66 billion, compared with ₦7,367.68 billion in the second quarter of 2012. The decrease in the SLF demanded and granted was due mainly to the unsuccessful mop up exercise by the CBN as a result of speculative rates quoted by authorized dealers at the secondary market auctions. The total Standing Deposit Facility (SD) was ₦3,411.85 billion during the third quarter of 2012, representing an increase of 92.2 per cent above the level in the preceding quarter. The development was attributed to the decision of the Central Bank to remunerate surpluses in excess of the Cash Reserve Requirement (CRR).

2.4 Deposit Money Banks' Activities

Available data indicated that the total assets and liabilities of the DMBs stood at ₦20,774.8 billion at the end of the third quarter of 2012, representing an increase of 4.05 per cent above the level at the end of the preceding quarter. The funds, which were sourced, largely, from increased mobilization of deposits, were used mainly to extend credit to the private sector, accretion to capital accounts and acquisition of unclassified assets. Central Bank's credit to the DMBs, largely loans and advances, declined by 13.3 per cent to ₦306.82 billion at the end of the review quarter.

At ₦12,287.3 billion, DMBs' credit to the domestic economy, declined by 2.8 per cent below the level in the preceding quarter. The development was attributed, largely, to the 22.1 per cent fall in claims on the Federal Government which more than offset the 2.2 per cent increase in claims on the private sector.

Total specified liquid assets of the DMBs stood at ₦5,476.9 billion, representing 47.7 per cent of their total current liabilities. At that level, the liquidity ratio rose by 5.1 percentage points above the level at the end of the preceding quarter, and was 17.7 percentage points above the stipulated minimum ratio of 30.0 per cent. The loans-to-deposit ratio, at 44.6 per cent was 9.2 percentage points below the level at the end of the preceding quarter, and 35.4 percentage points below the prescribed maximum ratio of 80.0 per cent.

At 39.9 per cent, the liquidity ratio of the DMBs in Q3 2012 was 9.9 percentage points above the stipulated minimum ratio, while the Loan-to-deposit ratio was within the prescribed

2.5 Discount Houses' Activities

Total assets/liabilities of the discount houses stood at ₦291.0 billion at the end of third quarter of 2011, indicating a decline of 19.4 and 12.8 per cent below the levels at the end of the preceding quarter and the corresponding quarter of 2011, respectively. The fall in assets was accounted for, largely, by the decline in claims on "others" and claim on federal government. Correspondingly, the fall in total liabilities was attributed, largely, to the decline in the level of money-at-call and capital and reserves during the period.

Discount houses' investment in Federal Government securities of less than 91-day maturity increased by 197.6 per cent to ₦29.1 billion and represented 13.2 per cent of their total deposit liabilities. At this level, discount houses' investment was also 46.8 percentage points below the prescribed minimum level of 60.0 per cent for fiscal 2012. Total borrowing by the discount houses was ₦15.4 billion, while their capital and reserves stood at ₦34.6 billion. This resulted in a gearing ratio of 2:1, compared with the stipulated maximum of 50:1 for fiscal 2012.

2.6 Capital Market Developments

2.6.1 Secondary Market

Activities on the Nigerian Stock Exchange (NSE) during the third quarter were mixed as major indices trended in opposite direction. Both the volume and value of traded securities declined by 17.4 and 7.5 per cent to 21.9 billion shares and to ₦159.2 billion in 262,692 deals, compared with 26.5 billion shares worth ₦172.2 billion in 238,043 deals in the preceding quarter. The Financial Sector was the most active followed by the Conglomerates. The Banking sub-sector remained the most active on the Exchange with a traded volume of 8.0 billion shares, valued at ₦55.6 billion, in 73,449 deals.

Figure 4: Volume and Value of Traded Securities

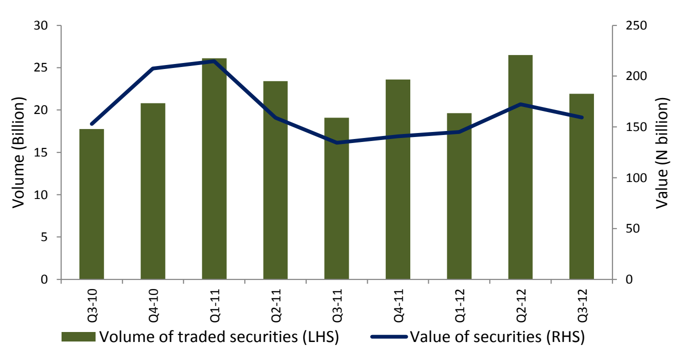


Table 3: Traded Securities on the Nigerian Stock Exchange (NSE)

	Q3-10	Q4-10	Q1-11	Q2-11	Q3-11	Q4-11	Q1-12	Q2-12	Q3-12
Volume (Billion)	17.7	20.8	26.1	24.3	19.1	23.6	19.6	26.5	21.9
Value (₦ Billion)	153.0	207.6	214.6	159.1	134.4	140.9	145.1	172.2	159.2

2.6.2 *Over-the-Counter (OTC) Bonds Market*

Provisional data on the Over-the-Counter (OTC) bond market, for the quarter indicated a turnover of 1,995.2 million units, worth ₦1,971.1billion, in 10,937 deals.

2.6.3 *New Issues Market*

There were 1 new and 6 Supplementary listings in the review quarter (see table below).

Table 4: New and Supplementary Securities Issue

S/N	Company	Additional Shares	Reasons
1	Federal Government of Nigeria	50 Million	16% FGN June 2019 Series 3
2	Ecobank Transnational incorporation	401.2 Million	Schemes Shares
3	Niger Insurance Plc	2.7 Billion	Rights Issue
4	Premier Paints	48.0 Million	Conclusion of Special Placing
5	Nigerian Breweries	142.1 Million	Conclusion of Merger
6	Vono Plc	263.63 Million (Units)	Rights Issue
7	Unity Bank Plc	3.5 Billion Units	Bonus Issue

2.6.4 *Market Capitalization*

The total market capitalization for all listed securities (equities and debt) stood at ₦13.8 trillion at the end of the quarter under review. Market capitalization for the 187 listed securities stood at ₦8.3 trillion, representing an increase of 20.3 per cent over the level at the end of the preceding quarter. The equities sub-sector, accounted for 60.1 per cent of the total market capitalization.

Market capitalization and All-Share Index trended upwards during Q3 2012.

2.6.5 *NSE All-Share Index*

The All-Share Index of listed securities which opened at 21,599.57 at the beginning of the quarter, closed at 26,011.64, representing an increase of 20.4 per cent above the level at the end of preceding quarter. At end-September 2012, three of the five sectoral indices, the NSE Banking, the NSE Consumer goods and the NSE Insurance indices rose by 30.8, 29.2 and 15.1 per cent, respectively, while the NSE Oil/Gas index declined by 7.5 per cent at the end of the third quarter. The NSE Lotus II, launched during the quarter closed at 1,581.10 index point.

Figure 5: Market Capitalization and All-Share Index

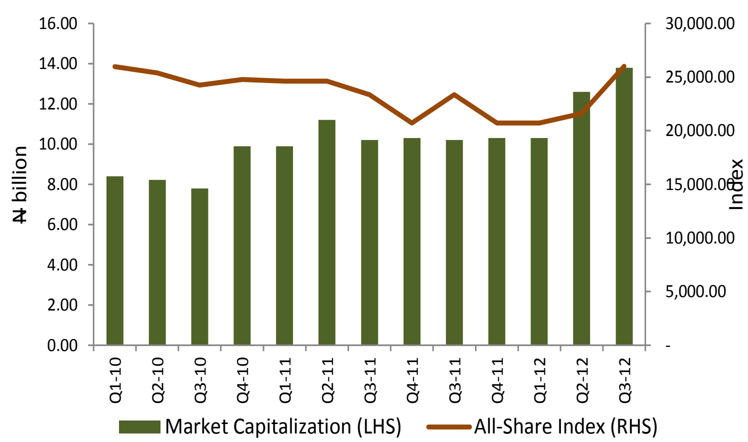


Table 5: Market Capitalization and All Share Index (NSE)

	Q2-10	Q3-10	Q4-10	Q1-11	Q2-11	Q3-11	Q4-11	Q1-12	Q2-12	Q2-12
Market Capitalization (₦ trillion)	8.2	7.8	9.9	9.9	11.2	10.2	10.3	12.0	12.4	13.8
All-Share Index (Equities)	25,384.1	24,268.2	24,770.5	24,621.2	24,980.2	23,373.0	20,730.6	20,652.5	21,599.6	26,011.6

3.0 Fiscal Operations

3.1 Federation Account Operations

Available data showed that total federally-collected revenue during the third quarter of 2012 stood at ₦2,797.59 billion, representing an increase of 15.5 and 7.8 per cent above the proportionate budget estimate and the level in the preceding quarter of 2012, respectively. However, relative to the level in the corresponding period of 2011, total federally-collected revenue declined by 15.9 per cent (Fig. 6, Table 5).

Gross federally collected revenue rose by 7.8 per cent above the level in the preceding quarter.

Figure 6: Components of Gross Federally Collected Revenue

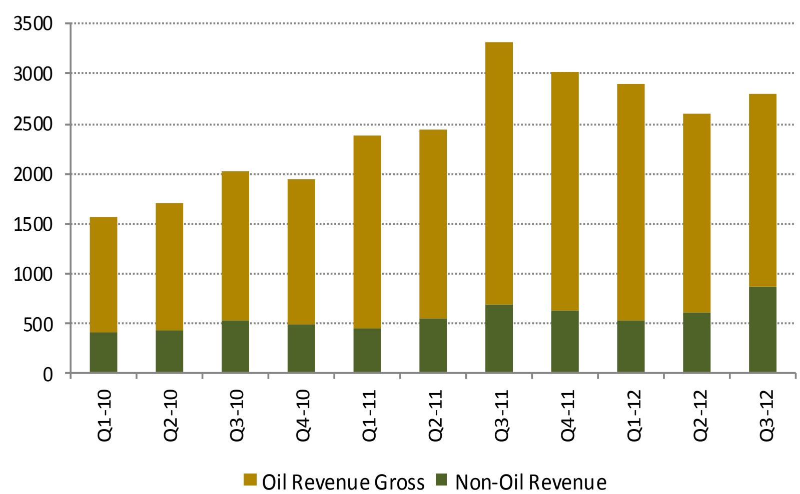


Table 6: Gross Federation Account Revenue (₦ billion)

	Q1-10	Q2-10	Q3-10	Q4-10	Q1-11	Q2-11	Q3-11	Q4-11	Q1-12	Q2-12	Q3-12
Federally-collected revenue (Gross)	1554.3	1712.0	2023.6	1994.6	2372.3	2433.2	3327.8	3025.1	2897.7	2596.2	2797.6
Oil Revenue	1156.7	1288.7	1502.0	1448.6	1935.6	1892.4	2642.8	2408.1	2376.0	1981.6	1936.2
Non-Oil Revenue	397.5	423.3	521.5	546.0	436.6	540.9	685.0	617.0	521.6	614.6	861.4

At ₦1,936.15 billion, gross oil receipts, which constituted 69.2 per cent of the total, exceeded the proportionate budget estimate by 16.7 per cent, but was lower than the level in the preceding quarter by 2.3 per cent. The decline in oil receipts relative to the preceding quarter was attributed, largely, to the fall in the receipts from domestic crude oil and gas sales during the period (Fig. 7, Table 6).

Figure 7: Gross Oil Revenue and Its Components

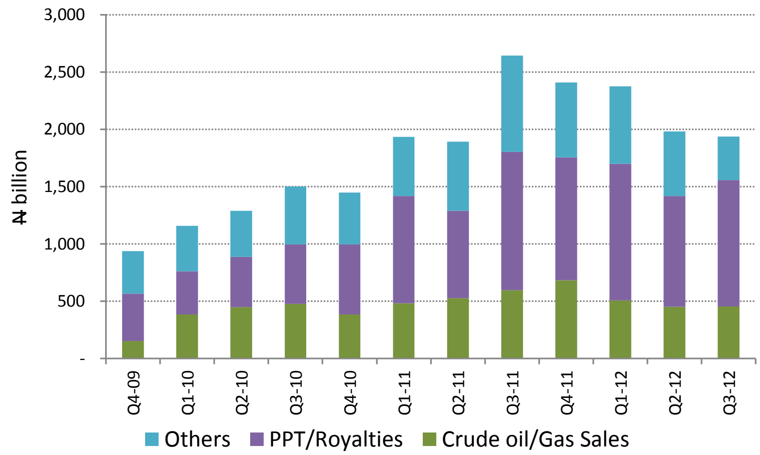


Table 7: Components of Gross Oil Revenue (₦ billion)

	Q1-10	Q2-10	Q3-10	Q4-10	Q1-11	Q2-11	Q3-11	Q4-11	Q1-12	Q2-12	Q3-12
Oil Revenue	1156.7	1288.7	1502.0	1448.6	1935.7	1892.4	2642.8	2408.1	2376.0	1981.6	1936.2
Crude oil/Gas Sales	384.8	449.5	476.1	385.8	481.1	526.6	596.9	683.4	506.5	452.5	455.2
PPT/Royalties	376.5	436.7	520.1	611.4	935.9	763.1	1206.5	1070.9	1194.0	966.1	1103.5
Others	394.1	402.4	505.8	450.5	517.8	602.8	839.4	653.8	675.5	562.9	377.4

Non-oil receipts, at ₦861.44 billion (30.8 per cent of the total), was above the proportionate budget estimate and the level in the preceding quarter by 12.8 and 40.1 per cent, respectively. The increase in non-oil revenue relative to the preceding quarter reflected, largely, the rise in Corporate Taxes and Education tax during the review period (Fig. 8, Table 7).

Figure 8: Gross Non-Oil Revenue and Its Components

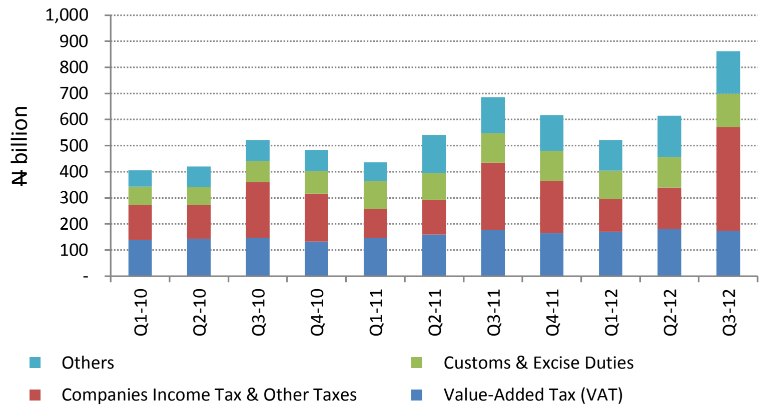


Table 8: Components of Gross Non-Oil Revenue (₦ billion)

	Q3-10	Q4-10	Q1-11	Q2-11	Q3-11	Q4-11	Q1-12	Q2-12	Q3-12
Non-Oil Revenue	512.5	546.0	436.6	540.9	667.3	617.0	521.6	614.6	861.4
Value-Added Tax (VAT)	147.3	133.1	147.4	159.7	177.7	164.7	171.0	181.8	173.6
Companies Income Tax & Other Taxes	213.2	182.6	109.8	133.5	257.0	200.3	124.4	157.4	398.7
Customs & Excise Duties	81.0	87.5	107.7	102.9	112.9	114.9	109.3	117.7	126.9
Others	80.1	80.3	71.8	144.8	119.8	176.6	117.0	157.7	238.9

As a percentage of the projected third quarter 2012 nominal GDP, oil and non-oil revenue were 17.7 and 7.9 per cent, respectively.

Of the gross federally-collected revenue (net), the sum of ₦1,349.9 billion was transferred to the Federation Account for distribution among the three tiers of government and the 13.0% Derivation Fund. The Federal Government received ₦642.8 billion, while the states and local governments received ₦326.0 billion and ₦251.4 billion, respectively. The balance of ₦129.8 billion went to the 13.0% Derivation Fund for distribution by the oil-producing states. Also, the Federal Government received ₦24.9 billion from the VAT Pool Account, while the state and local governments received ₦83.3 billion and ₦58.3 billion, respectively. During the period under review, the sum of ₦26.2 billion was drawn from the Excess Crude Account (ECA) to bridge the short-fall in revenue for the period and was shared as follows: Federal Government (₦12.0 billion), State Government (₦6.1 billion) and Local Governments (₦4.7 billion) and 13% Derivation Fund

The sum of ₦1,349.9 billion out of the federally collected revenue (net) was shared by the three tiers of government and the 13.0 % Derivation Fund.

(₦3.4 billion). Additional ₦22.9 billion and ₦106.6 billion from NNPC refund and Subsidy Re-Investment and Empowerment Programme (SURE-P), respectively, was also distributed to the three tiers of government and 13% per cent Derivation. Thus, the total allocation to the three tiers of government in the third quarter of 2012 amounted to ₦1,672.31, representing 2.3 per cent below the 2012 quarterly budget estimate.

3.2 The Fiscal Operations of the Three Tiers of Government

3.2.1 The Federal Government

Federal government estimated retained revenue and total expenditure were lower than the proportionate budget estimates for the quarter.

At ₦762.64 billion, the Federal Government retained revenue for the third quarter of 2012 was lower than both the proportionate budget estimate and receipts in the second quarter by 23.3 and 10.5 per cent respectively. Relative to the receipts in the corresponding quarter of 2011, Federal Government retained revenue was lower by 35.4 per cent. Of this amount, the Federal Government share from the Federation Account, VAT Pool Account and FGN Independent Revenue were ₦642.81 billion, ₦24.99 billion and ₦7.75 billion, while "Others" accounted for ₦87.09 billion, respectively (Fig. 9, Table 8).

Figure 9: Federal Government Retained Revenue

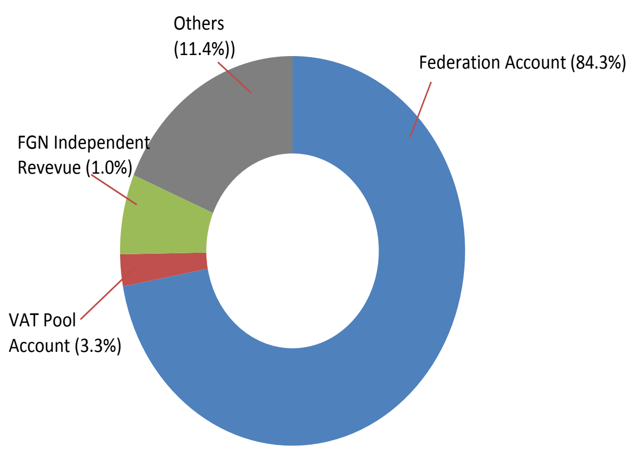


Table 9: Federal Government Fiscal Operations (₦ billion)

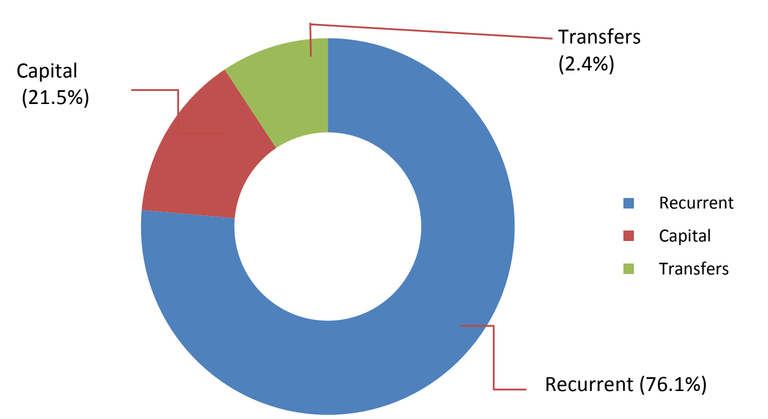
	Q2-10	Q3-10	Q4-10	Q1-11	Q2-11	Q3-11	Q4-11	Q1-12	Q2-12	Q3-12
Retained Revenue	827.7	827.7	783.8	585.9	735.0	1184.2	587.7	967.2	852.0	762.6
Expenditure	977.7	1028.2	1499.6	872.5	912.5	1345.3	952.8	954.7	1063.8	1221.7
Overall Balance: Surplus(+)/Deficit(-)	-150.0	-150.0	-715.8	-286.6	-177.5	-161.1	-365.1	12.6	-211.8	-459.1

Total expenditure for third quarter stood at ₦1,221.73 billion, indicating a decline of 4.4 per cent relative to the level of the quarterly budget estimate. It was however, higher than the level in the preceding quarter by 14.8 per cent. The development (relative to the quarterly budget estimate) was attributed to the low release of capital outlay during the period. A breakdown of total expenditure showed that the recurrent component accounted for 76.1 per cent, capital component 21.5 per cent, while statutory transfers accounted for the balance of 2.4 per cent (Fig. 10). Further breakdown of the recurrent expenditure showed that the non-debt component accounted for 83.0 per cent, while debt service payments accounted for the balance of 17.0 per cent.

Thus, the fiscal operations of the Federal Government resulted in an estimated deficit of ₦459.09 billion or 4.2 per cent of the third quarter nominal GDP, compared with the quarterly budgeted deficit and the preceding period deficit of ₦284.05 billion and ₦211.8 billion, respectively. The deficit was financed mainly from domestic sources, particularly through the issuance of additional FGN Bonds.

The fiscal operations of the FG resulted in an estimated deficit of ₦459.09 in Q3 2012.

Figure10: Federal Government Expenditure



3.2.2 *Statutory Allocations to State Governments*

Total allocation to state governments (including the Federation Account, 13.0% Derivation Fund and share of VAT receipts) stood at ₦601.47 billion during the review quarter. This represented a decline of 5.4 and 2.6 per cent, below the levels in the preceding quarter and the corresponding quarter of 2011, respectively.

Further breakdown showed that, at ₦518.16 billion, receipts from Federation Account constituted 86.1 per cent of the total, but declined by 5.5 and 2.6 per cent relative to the levels in the preceding quarter and corresponding quarter of 2011, respectively. At ₦83.31, receipts from VAT constituted 13.9 per cent of the total, but declined by 4.5 and 2.3 per cent relative to the levels in the preceding quarter and corresponding quarter of 2011, respectively. On a monthly basis, the sum of ₦198.64 billion, ₦199.24 billion and ₦203.59 billion was allocated as statutory allocations and VAT receipts to the 36 state governments in July, August and September 2012, 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 third quarter of 2012, stood at ₦342.15 billion. This amount was lower than both the levels in the preceding quarter and corresponding period of 2011 by 3.1 and 30.7 per cent respectively. Of the total amount, allocation from the Federation Account was ₦283.83 (83.0 per cent), while VAT Pool Account accounted for the balance of ₦58.32 (17.0 per cent). On a monthly basis, the sum of ₦114.52 billion, ₦112.53 billion and ₦115.10 billion was allocated to the 774 local governments in July, August and September 2012, respectively.

4.0 Domestic Economic Conditions

Available aggregate output growth measured by the real gross domestic product (GDP) grew by 6.5 per cent, compared with 6.4 per cent in the preceding quarter. The development was attributed largely to the growth in the contribution of agriculture and communication sectors. Crude oil production was estimated at 2.26 million barrels per day (mbd) or 207.92 million barrels for the quarter. The end-period inflation rate for the third quarter of 2012, on year-on-year basis, was 11.3 per cent, compared with 12.9 and 10.3 per cent in the preceding quarter and the corresponding quarter of 2011, respectively. The inflation rate on a 12-month moving average basis was 11.8 per cent, compared with the 11.3 and 11.4 per cent in the preceding quarter and corresponding period of 2011.

4.1 Aggregate Output

Aggregate output in the third quarter measured by gross domestic product (GDP) at 1990 basic prices grew by 6.5 per cent, compared with 6.4 per cent recorded in the preceding quarter. The development in the review quarter was attributed to the growth in the contribution of agriculture and communication sectors. Real non-oil GDP grew at 7.6 per cent and accounted for 86.6 per cent of total GDP in the review quarter. Real oil GDP, comprising crude petroleum and natural gas, grew by 0.08 per cent when compared with the level in the preceding quarter of 2012 and accounted for 13.4 per cent of the total GDP (Fig. 11, Table 9).

Figure 11: Real GDP Growth Rate and Share of Oil and Non-oil in GDP

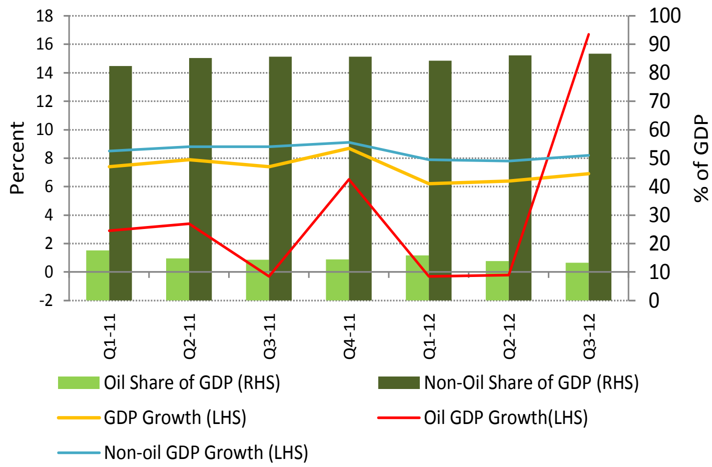


Table 10: Growth Rate of Real GDP and Sectoral Shares (Percent)

	Q4-10	Q1-11	Q2-11	Q3-11	Q4-11	Q1-12	Q2-12	Q3-12
Growth Rate (%)								
Real GDP	8.3	7.4	7.7	7.4	8.7	6.2	6.6	6.9
Oil (Crude Petroleum/Natural Gas)	*4.5*	*2.9*	*3.4*	*-0.3*	*6.5*	*-2.3*	*-0.2*	*16.7*
Non-oil	*8.6*	*8.4*	*8.8*	*8.8*	*9.1*	*7.9*	*7.8*	*8.2*
Share in Real GDP (%)								
Real GDP	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Oil (Crude Petroleum/Natural Gas)	*14.9*	*17.6*	*14.8*	*14.3*	*14.4*	*15.8*	13.9	*13.3*
Non-Oil	*85.1*	*82.4*	*85.2*	*85.7*	*85.6*	*84.2*	*86.1*	*86.7*

4.2 Agricultural Sector

Available data indicated that agricultural activities in most parts of the country during the third quarter were adversely affected by the weather condition. Weather condition during the review period was characterized by heavy rain. The resultant widespread incidences of flooding caused destruction of farmlands. Worst hit were the areas along the River Niger Plain. The extensive impact on agricultural activities, particularly through flooding, created concern about possibility of food scarcity in the coming year.

A total of ₦4,032.01 million was guaranteed to 18,957 farmers under the Agricultural Credit Guarantee Scheme (ACGS) in the third quarter of 2012. This represented an increase of 153.4 and 13.5 per cent above the levels in the preceding quarter, and the corresponding period of 2011, respectively.

A sub-sectoral analysis of the loans guaranteed indicated that the food crops sub-sector received the largest share of ₦2,590.5 million (64.2 per cent) for 13,607 beneficiaries, while the livestock sub-sector got ₦836.3 million (20.7 per cent) for 1,774 beneficiaries. Also, 2,425 beneficiaries in the mixed crops sub-sector obtained ₦212.2 million (5.3 per cent), while ₦186.9 million (4.6 per cent) was granted to 350 beneficiaries in the cash crop sub-sector. 273 beneficiaries in the fisheries sub-sector received ₦151.5 million (3.8 per cent), while 528 beneficiaries in the 'Other' sub-sector received ₦54.6 million (1.4 per cent). Further analysis showed that, 36 states and the Federal Capital Territory benefited from the scheme during the quarter, with the highest and lowest sums of ₦1,449.6 million (36.0 per cent) and ₦5.7 million (0.1 per cent) guaranteed to farmers in Delta and Rivers states, respectively.

At end-September 2012, the total amount released by the CBN under the CACS to participating banks stood at ₦198.42 billion.

At end-September 2012, the total amount released by the CBN under the Commercial Agriculture Credit Scheme (CACS) to the participating banks for disbursement stood at ₦198.42 billion (for two hundred and sixty two projects). The beneficiaries included thirty state governments (Table 10).

Table 11: Disbursement of Credit Under the Commercial Agriculture Credit Scheme (CACS)

S/N	Participating Banks	Amount Disbursed (₦ billion)	Number of Projects/State Governments
1	United Bank for Africa (UBA) Plc	41.76	35
2	Zenith Bank	26.96	18
3	First Bank of Nigeria Plc	22.21	61
4	Unity Bank Plc	19.51	21
5	Union Bank Nigeria PLC	17.97	20
6	Stanbic IBTC Bank	11.74	23
7	Access Bank Plc	10.33	11
8	Skye Bank Plc	9.22	7
9	Fidelity Bank Plc	8.58	8
10	Sterling Bank Plc	6.82	11
11	GTBank Plc	5.80	9
12	FCMB Plc.	4.79	8
13	ECOBANK	3.67	6
14	Citibank Plc	3.00	2
15	Diamond Bank Plc	2.74	12
16	Mainstreet Bank Plc	2.00	1
17	WEMA Bank	0.74	5
18	Enterprise Bank	0.38	3
19	Keystone Bank	0.20	1
	TOTAL	**198.42**	**262**

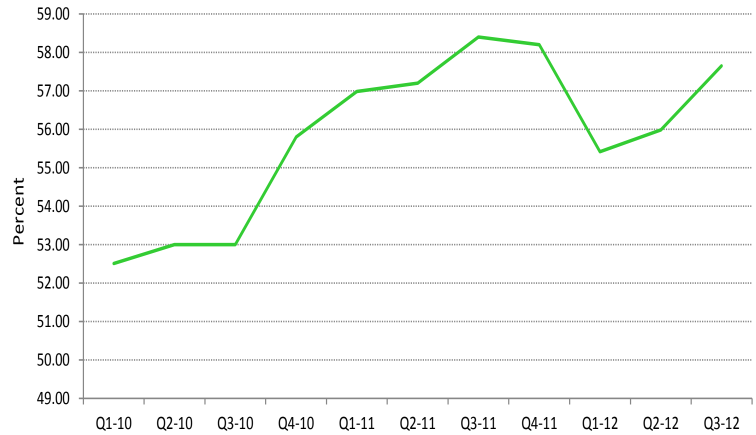
4.3 Industrial Production

There was an improvement in industrial activities during Q3 2012 on account of increased activities in the electricity, mining and manufacturing sub-sectors.

Industrial activities during the third quarter of 2012 indicated marginal improvement relative to the level in the preceding quarter. At 137.48 (1990=100), the estimated index of industrial production rose marginally by 0.2 and 2.5 per cent, over the levels attained in the preceding quarter and the corresponding quarter of 2011, respectively. The development reflected the increased activities in the electricity, mining and manufacturing sub-sectors.

The estimated index of manufacturing production, at 106.67 (1990=100), increased by 0.3 and 4.5 per cent, over the levels in the preceding quarter and the corresponding period of 2011, respectively. Capacity utilization was estimated to increase by 0.9 percentage points above the level in the preceding quarter to 57.65 per cent. The development was attributed to the improved electricity supply during the review period (Fig. 12, Table 11).

Figure 12: Capacity Utilization Rate



At 146.96 (1990=100), the index of mining production increased marginally by 0.2 and 4.6 per cent above the levels attained in the preceding quarter and corresponding period of 2011. The increase in mining production during the quarter was accounted for by the rise in crude oil and gas production.

At 3,357.5 MW/h, estimated average electricity generation rose by 2.4 per cent, over the level attained in the preceding quarter. The development was attributed to the increase in gas supply to the thermal stations and increase in water levels at the hydro stations.

Average electricity generation and consumption rose during the quarter under review.

At 2,933.7 MW/h, estimated average electricity consumption, increased by 2.8 per cent over the level in the preceding quarter. The development was attributed to the increase in power supply as a result of improved generation (Fig. 13, Table 11).

Figure 13: Index of Industrial Production (1990=100)

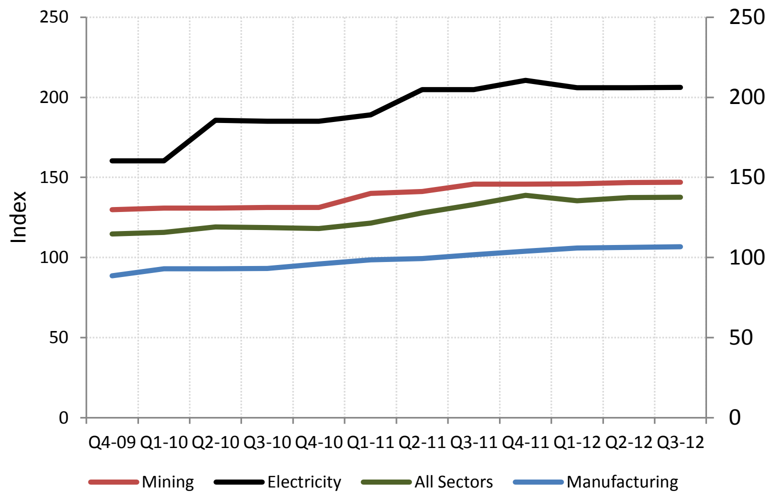


Table 12: Index of Industrial Production and Manufacturing Capacity Utilization Rate

	Q1-10	Q3-10	Q4-10	Q1-11	Q2-11	Q3-11	Q4-11	Q1-12	Q2-12	Q3-12
All Sectors (1990=100)	117.5	121.4	127.9	127.2	128.8	133.0	138.8	135.4	137.3	137.5
Manufacturing	88.4	93.2	95.9	98.5	99.3	101.8	110.3	105.9	106.3	106.7
Mining	125.9	131.2	131.2	140.1	141.2	145.7	145.8	145.9	146.7	147.0
Electricity	160.4	185.0	185.0	189.8	204.8	204.8	210.6	205.9	205.9	206.1
Capacity Utilization (%)	53.0	53.2	55.8	57.0	57.2	58.4	58.2	55.4	56.0	57.7

4.4 Petroleum Sector

Crude oil and natural gas production and exports increased during Q3 2012.

Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at 2.26 million barrels per day (mbd) or 207.92 million barrels during the third quarter of 2012, compared with 2.13 mbd or 193.83 million barrels in the preceding quarter. This represented an increase in production level of 0.13 mbd or 6.1 per cent. Consequently, crude oil export was estimated at 1.81 mbd or (166.52 million barrels) in the review period, compared with 1.68 mbd or (152.88 million barrels) in the preceding quarter, representing an increase of 7.7 per cent. The increase was attributed to the decline in crude oil theft in the Niger Delta due to improved security conditions in the region. Allocation of crude oil for domestic consumption was 0.45 mbd or 41.4 million barrels during the period under review.

At an estimated average of US$111.04 per barrel, the price of Nigeria's reference crude, the Bonny Light (37° API), rose by 1.6 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 and the Forcados also rose, to US$91.20, US$110.14 and US$112.08 per barrel, respectively, from US$88.37, US$108.19 and US$110.94 per barrel in the preceding quarter. Similarly, the average price of OPEC's basket of eleven crude streams also rose by 0.6 per cent from the level in the preceding quarter to US$106.72 but declined by 1.6 per cent when compared to the level in the corresponding period of 2011. The development was attributed largely to the constraints in North Sea supplies and the drop in crude oil stockpiles in the US. (Fig. 14, Table 12).

Average crude oil prices, including Nigeria's reference crude, Bonny Light (37o API), rose in the international crude oil market in Q3 2012.

Figure14: Trends in Crude Oil Prices

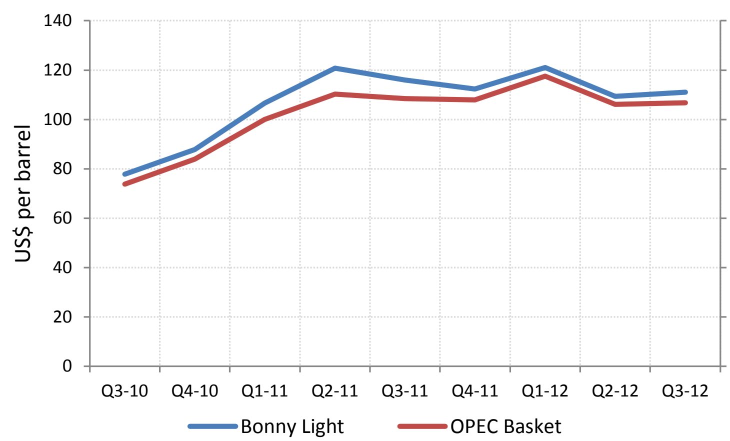


Table 13: Average Crude Oil Prices in the International Oil Market

	Q3-10	Q4-10	Q1-11	Q2-11	Q3-11	Q4-11	Q1-12	Q3-12	Q2-12
Bonny Light	77.81	87.74	106.66	120.83	115.92	112.28	121.10	109.32	111.04
OPEC Basket	73.76	83.86	100.06	110.31	108.44	107.90	117.58	106.08	106.72

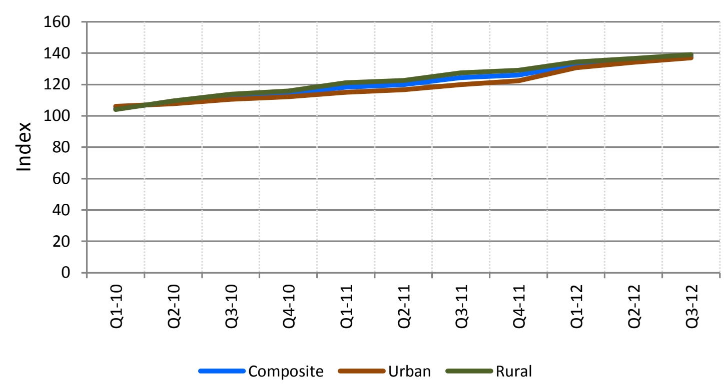
4.5 Consumer Prices[3]

The general price level rose in Q3 2012 relative to Q2 2012. This was on account of the increase in the prices of food items and non-alcoholic beverages, as well as clothing and footwear, transport, gas and other fuel.

Available data showed that the all-items composite Consumer Price Index (CPI) at the end of the third quarter of 2012 was 138.0 (November 2009=100), representing an increase of 2.0 and 11.3 per cent over the levels in the preceding quarter and the corresponding quarter of 2011, respectively. The development was attributed, largely, to the increase in the prices of food items and non-alcoholic beverages, as well as housing, water, electricity, clothing and footwear, transport, gas and other fuels.

The urban all-items CPI at the end of the third quarter of 2012, was 137.6 (November 2009=100), indicating an increase of 2.2 and 14.2 per cent over the levels in the preceding quarter and the corresponding quarter of 2011, respectively. Similarly, the rural all-items CPI at the end of the quarter, at 139.0 (November 2009=100), represented an increase of 1.8 and 9.1 per cent over the levels in the preceding quarter and the corresponding quarter of 2011, respectively (Fig. 15, Table 13).

Figure15: Consumer Price Index



[3] New CPI with November 2009 = 100 as base and new weight based on the 2003/2004 Nigeria Living Standard Survey (NLSS) was released by the National Bureau of Statistics (NBS) on 18th October 2010.

Table 14: Consumer Price Index (November 2009=100)

	Q3-10	Q4-10	Q1-11	Q2-11	Q3-11	Q4-11	Q1-12	Q2-12	Q3-12
Composite	112.4	114.2	118.3	119.9	124.0	126.0	132.6	135.3	138.0
Urban	110.6	112.2	115.0	116.6	120.0	122.3	130.7	134.1	137.0
Rural	113.8	115.9	121.1	122.6	128.4	129.0	134.4	136.5	139.0

The end-period inflation rate for the third quarter of 2012, on a year-on-year basis was 11.3 per cent, compared with 12.9 and 10.3 per cent in the preceding quarter and the corresponding quarter of 2011, respectively. The inflation rate on a twelve-month moving average basis for the third quarter was 11.9 per cent, compared with 11.3 and 11.4 per cent in the preceding quarter and the corresponding quarter of 2011, respectively (Fig. 16, Table 14).

The headline inflation (y-o-y) stood at 11.3 per cent in Q3 2012.

Figure 16: Inflation Rate

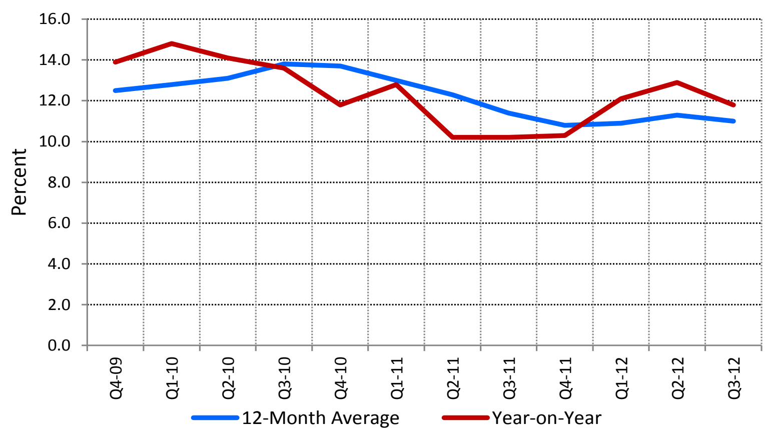


Table 15: Headline Inflation Rate (%)

	Q2-10	Q3-10	Q4-10	Q1-11	Q2-11	Q3-11	Q4-11	Q1-12	Q2-12	Q3-12
12-Month Moving Average	13.1	13.8	13.7	13.0	12.3	11.4	10.8	10.9	11.3	11.3
Year-on-Year	14.1	13.6	11.8	12.8	10.2	10.2	10.3	12.1	12.9	11.9

5.0 External Sector Developments

Provisional data indicated that foreign exchange inflow through the CBN in the third quarter of 2012 increased by 43.9 and 0.9 per cent above the levels in the preceding quarter and the corresponding quarter of 2011, respectively. Outflow decreased by 10.1 and 39.0 per cent below the levels in the preceding quarter and the corresponding quarter of 2011, respectively. Total non-oil export receipts by banks declined by 40.9 per cent below the level in the preceding quarter. The average Naira exchange rate vis-à-vis the US dollar, depreciated by 0.02 and 0.6 per cent to ₦157.39 and ₦161.79 per dollar at the Wholesale Dutch Auction System (WDAS) and Bureau De Change (BDC) segments of the market, respectively. It however appreciated by 0.03 per cent to ₦159.36 at the interbank segment. The gross external reserves rose by 14.8 per cent from the preceding quarter's level.

5.1 Foreign Exchange Flows

Provisional data on foreign exchange flows through the CBN showed that inflow during the third quarter of 2012 amounted to US$14.46 billion, representing an increase of 43.9 and 0.9 per cent above the levels in the preceding quarter and corresponding period of 2011. Outflow amounted to US$8.63 billion, showing a decline of 10.1 and 39.0 per cent below the levels in the preceding quarter and corresponding period of 2011. This resulted in a net inflow of US$5.83, compared with a net inflow of US$0.46 and US$0.18 recorded in the preceding quarter and corresponding period of 2011, respectively. The rise in inflow relative to the preceding quarter was attributed to the increase in crude oil sales and non-oil receipts, while the fall in outflow was attributed decline in wDAS utilization. Fig. 17, Table 15).

Foreign exchange inflow through the CBN rose by 43.9 per cent, while outflow declined by 10.1 per cent, to post a net inflow of US$5.83 billion during third quarter of 2012.

Figure17: Foreign Exchange Flows Through the CBN

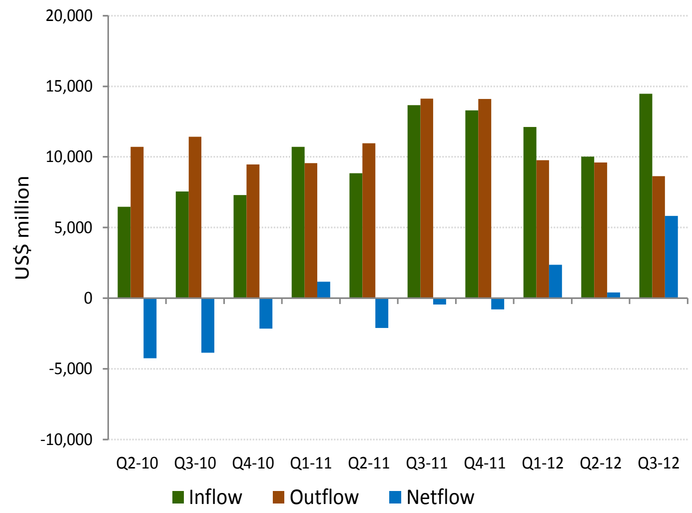


Table 16: Foreign Exchange Flows Through the CBN (US$ million)

	Q3-10	Q4-10	Q1-11	Q2-11	Q3-11	Q4-11	Q1-12	Q2-12	Q3-12
Inflow	7557.0	7310.0	10719.4	8854.9	14327.7	13603.6	12119.8	10050.9	14462.3
Outflow	11424.1	9468.9	9560.4	10970.6	14148.8	13395.7	9760.5	9594.9	8629.2
Netflow	-3867.1	-2158.9	1158.9	-2115.6	179.0	208.0	2359.3	456.0	5833.1

Autonomous inflows into the economy rose by 0.7 per cent, in Q3 2012 relative to the preceding quarter's level.

Provisional data on aggregate foreign exchange flows through the economy indicated that total inflow amounted to US$32.01 billion, representing an increase of 16.5 and 8.0 per cent above the levels in the preceding quarter and the corresponding quarter of 2011. Oil sector receipts, which accounted for 37.1 per cent of the total, stood at US$11.9 billion, compared with the respective levels of US$9.7 billion and US$12.6 billion in the preceding quarter and corresponding quarter of 2011.

Non-oil public sector inflows, which accounted for 8.0 per cent of the total foreign exchange flows, increased significantly by 565.8 per cent above the preceding quarter's level, while autonomous inflow, which accounted for 54.8 per cent, increased by 0.7 per cent above the preceding quarter's level.

At US$9.2 billion, aggregate foreign exchange outflow from the economy fell by 8.9 and 36.4 per cent below the level in the preceding quarter and corresponding quarter of 2011, respectively. The decline in outflow, relative to the preceding quarter, was accounted for by a 21.7 per cent decline in the funding of WDAS.

5.2 Non-Oil Export Earnings by Exporters

Total non-oil export earnings by Nigerian exporters stood at US$571.1 million at the end of the review period. This indicated a decline of 41.0 per cent below the level in the preceding quarter, but an increase of 58.9 per cent above the level in the corresponding quarter of 2011. The development, relative to preceding quarter, was attributed, largely, to the fall in the exports of food, manufactured agriculture and mineral products during the review quarter, which more than offset the significant rise in the transport sector. A breakdown of the proceeds in the review quarter showed that, industrial products, manufactured products, agricultural products, mineral, food products and transport earned US$244.5 million, US$184.0 million, US$75.2 million, US$56.6 million, US$10.4 million, and US$0.7 million, respectively.

Total non-oil export earnings declined during the third quarter of 2012 on account of decline in receipt from exports of agriculture, minerals, food and manufactured products.

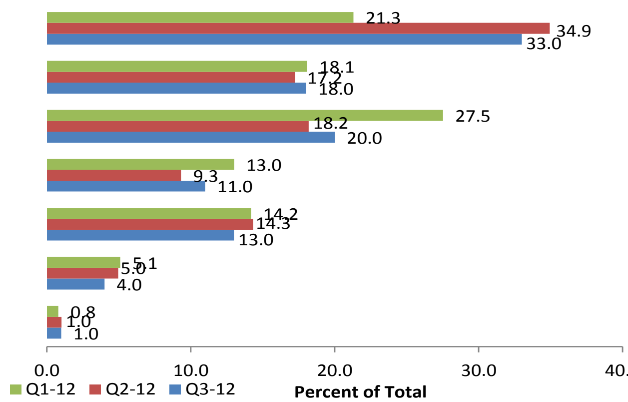
The shares of industrial products, manufactured products, agricultural products, mineral, food products and transport in non-oil export proceeds were 42.8, 32.2, 13.2, 9.9, 1.8 and 0.1 per cent, respectively.

5.3 Sectoral Utilisation of Foreign Exchange

The invisible sector accounted for the bulk (33.0 per cent) of total foreign exchange disbursed in the third quarter of 2012, followed by mineral and oil sector (20.0 per cent). Other beneficiary sectors, in descending order included: industrial sector (18.0 per cent), food products (13.0 per cent), manufactured products (11.0 per cent), transport sector (4.0 per cent) and agricultural products (1.0 per cent) (Fig.18).

The invisible sector accounted for the bulk of the total foreign exchange disbursed during Q3 2012.

Figure18: Sectoral Utilisation of Foreign Exchange



Demand and Supply of foreign exchange by authorized dealers declined during Q3 2012.

5.4 Foreign Exchange Market Developments

Estimated foreign exchange demand by the authorized dealers in the third quarter stood at US$6.74 billion, indicating a decline of 9.0 and 54.8 per cent below the levels in the preceding quarter and corresponding quarter of 2011. The sum of US$6.8 billion was sold by the CBN during the review period, indicating a decrease of 21.7 and 45.3 per cent below the levels in the preceding quarter and the corresponding period quarter of 2011, respectively (Fig. 19, Table 16).

Figure 19: Demand for and Supply of Foreign Exchange

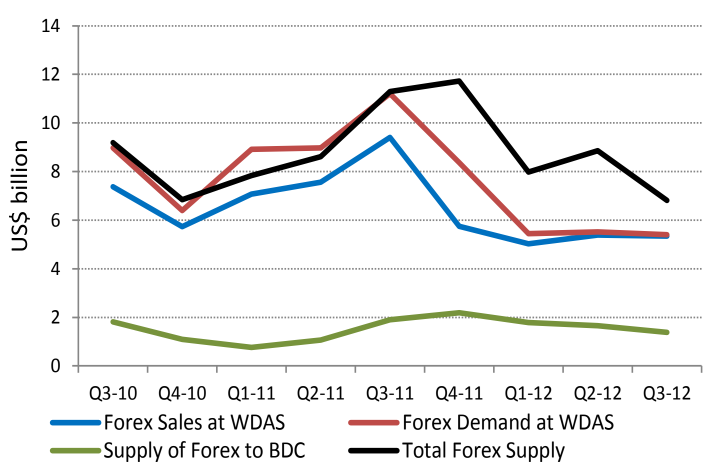


Table 17: Demand for and Supply of Foreign Exchange (US$ billion)

	Q1-11	Q2-11	Q3-11	Q4-11	Q1-12	Q2-12	Q3-12
Forex Sales at WDAS	7.1	7.6	9.4	5.8	5.0	5.4	5.3
Forex Demand at WDAS	8.9	9.0	11.2	8.4	5.5	5.5	5.4
Supply of Forex to BDC	0.7	1.1	1.9	2.2	1.6	1.3	1.4
Total Forex Supply(BDC and WDAS)	6.8	7.8	12.1	9.5	7.9	8.7	6.8

Under the WDAS, the average exchange rate of the Naira vis-à-vis the US dollar depreciated by 0.02 and 2.6 per cent to ₦157.39 per US dollar from ₦157.35 and ₦153.28 per US dollar in the preceding quarter and corresponding period of 2011, respectively. In the bureau-de-change segment of the market, the naira traded at an average of ₦161.79 per US dollar, indicating a depreciation of 0.6 and 0.1 per cent relative to the levels in the preceding quarter and corresponding quarter of 2011, respectively. At the interbank segment, the Naira exchanged for an average of ₦159.36 to the US dollar, indicating an appreciation of 0.03 per cent and depreciation of 3.2 per cent when compared with ₦159.41 and ₦154.30 per US dollar in the previous quarter and the corresponding quarter of 2011, respectively (Fig. 20, Table 17).

Relative to the preceding quarter, the Naira exchange rate vis-à-vis the US dollar depreciated at the wDAS and BDC but appreciated at the interbank segments of the market in Q3 2012.

The premium between the WDAS and the bureaux-de-change rates widened from 2.2 per cent in the preceding quarter to 2.8 per cent in the third quarter, while that between the WDAS and interbank remained unchanged at 1.3 per cent as in the preceding quarter, (Fig. 21, Table 16).

The premium between the wDAS rate and the rates at the interbank and BDC segments of the market stood at 2.8 and 1.3 per cent, respectively.

Figure 20: Average Exchange Rate Movements

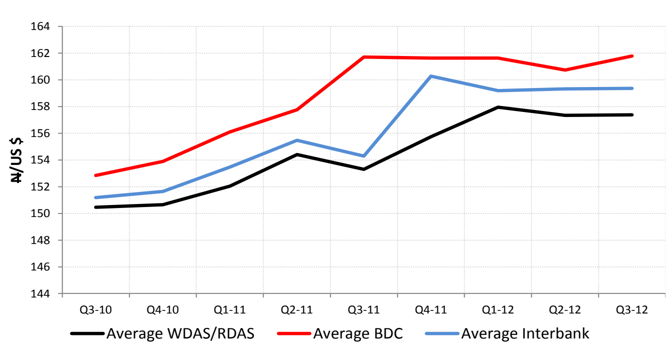
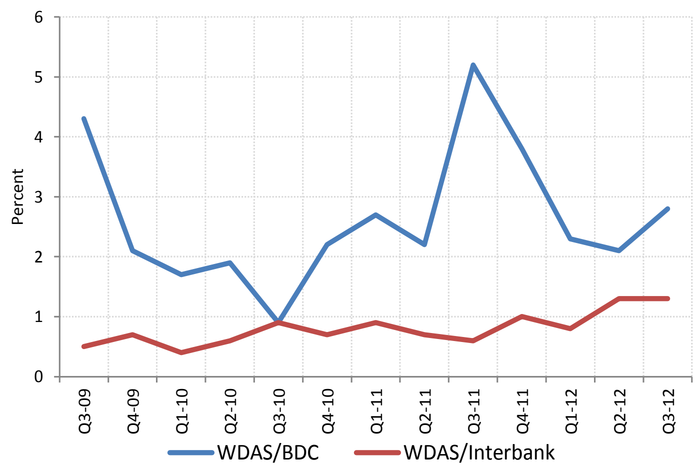


Table 18: Exchange Rate Movements and Exchange Rate Premium

	Q3-10	Q4-10	Q1-11	Q2-11	Q3-11	Q4-11	Q1-12	Q2-12	Q3-12
Average Exchange Rate (₦/US$)									
WDAS/RDAS	150.5	150.6	152.0	154.4	153.3	155.9	158.0	157.4	157.3
BDC	152.8	153.8	156.1	157.8	161.7	161.6	161.6	160.7	159.0
Interbank	151.2	151.6	153.5	155.5	154.3	160.3	159.2	159.3	157.2
Premium (%)									
WDAS/BDC	0.9	2.2	2.7	2.2	5.2	3.7	2.3	2.2	2.8
WDAS/Interbank	0.9	0.7	0.9	0.7	0.6	2.8	0.8	1.3	1.3

Figure 21: Exchange Rate Premium



5.5 Gross External Reserves

Gross external reserves rose during the third quarter of 2012.

The gross external reserves at the end of the third quarter of 2012 stood at US$40.64 billion, indicating an increase of 14.8 per cent above the US$35.41 billion recorded at the end of the preceding quarter. A breakdown of the reserves showed that CBN holding stood at US$28.00 billion (68.9 per cent), Federal Government holding was US$3.37 billion (8.3 per cent) and the Federation Account portion (Excess Crude) was US$9.27 billion (22.8 per cent) (Fig. 22, Table 18).

Figure 22: Gross External Reserves

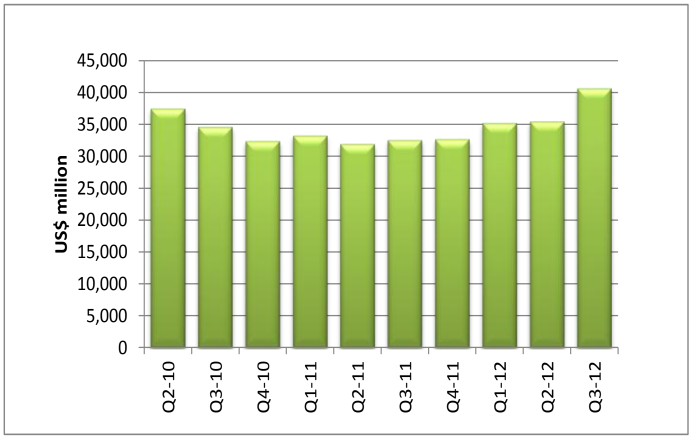


Table 19: Gross External Reserves (US$ million)

	Q2-10	Q3-10	Q4-10	Q1-11	Q2-11	Q3-11	Q4-11	Q1-12	Q2-12	Q3-12
External Reserves	37,468.4	34,589.0	32,347.5	33,221.8	31,890.5	31,740.2	32,639.8	35,190.8	35,412.5	40,636.8

6.0 Global Economic Conditions

6.1 Global Output

Persistence of the euro area debt crisis and continued threats of slowing economic growth in the US has caused the International Monetary Fund (IMF) and World Bank to revise global economic growth forecast. In the latest World Economic Outlook (WEO), October 2012, the IMF warned of higher risks of a steeper slowdown. US economy is forecast to expand at 2.2 per cent, Japan, Brazil and India economies also had their growth forecast revised down to 2.2, 1.5 and 4.9 per cent respectively, while the euro area economy is projected to contract by 0.4 per cent. Global growth is forecast to moderate to 3.3 per cent from the 3.5 per cent forecast in the second quarter.

Growth, generally in oil-producing economies and Sub-Saharan African countries is projected to remain high even as activity in China slowed sharply in the review period, largely due to tightening in credit conditions (in response partly to threats of a real estate bubble), weaker external demand and return to more sustainable pace of public investment.

The major threats to world economic growth in the short to medium-term included: weakness in the labour and housing markets and need for further repairs in both public and private sector balance sheets in the advanced economies; past policy tightening and weaker external demand in emerging economies particularly Brazil, Japan among others; slowing growth in the Middle East and North Africa (MENA) largely due to uncertainty associated with political and economic transition in the aftermath of the Arab spring and weak terms of trade; and weaker external demand and increasingly constrained environment for private sector activities.

6.2 Global Inflation

The observed ease of inflationary pressure from the first half of the year continued through the third quarter. Generally, in 2012, receding commodity price shocks and slowdown in global activity in many advanced economies had led to deceleration in inflation. Headline inflation in emerging market declined to 5.5 per cent down by about 2 percentage points from the level in the second quarter, while it stood at 1.5 per cent in the advanced economies.

The outlook for the rest of 2012 is for further easing of inflationary pressure particularly on the advanced economies. Forecast is predicated largely on the assumption of unchanged commodity prices even with growing concern about possibility of rising food prices.

6.3 Global Commodity Demand and Prices

Persistent decline in oil production by OPEC countries (Libya, Angola and Iran) and non-OPEC countries led to shortage supply during the review period. Non-OPEC supply was affected by civil conflict, labour strikes, bad weather and planned maintenance. This development sustained the price increase which began in July with Brent Crude Price reaching US$116 in early September, clear 28.0 per cent above the lowest level recorded June 2012. However, with future (December 2013) contracts trading at US$107 per barrel, market watchers expect lower oil prices over the medium term.

Following the observed increases in June and July 2012, global commodity prices declined sharply in August 2012. The broad-based price fall was sustained to the end of the third quarter. Particularly with respect to agricultural commodities, the price decline in August, which followed initial spikes of the last two months of the previous quarter, was caused, largely, by the droughts in the United States. However, the price index for non-energy commodities stood at about 3.0 per cent above the level at the beginning of the year.

6.4 International Financial Markets

Global markets recorded largely positive movements in the third quarter of 2012. This development was attributed to the persistent favorable US macroeconomic data and impact of the continued efforts to resolve and counter the effects of the Eurozone crisis.

In the period under review, performance of international stocks was stable with most markets closing in the positive and indices of particularly developing nations displaying stronger growth than those of the emerging and advanced markets.

In Africa, the Egyptian EGX CSE 30, Nigeria Stock Exchange (NSE) ASI, Kenyan Nairobi NSE 20, South African JSE AS, and Ghana GSE ASI indices gained 23.6, 20.4, 7.2, 6.1 and 0.2 per cent, respectively.

In North America, the S&P/TSX Composite led the gainers closing higher at 6.2 per cent above the level at the end of previous quarter. The S&P 500 and Mexico Bolsa indices rose by 5.8 and 1.7 per cent, respectively. In South America, the Brazilian Bovespa, Columbian IGBC General and Argentine Merval indices rose by 8.9, 4.8 and 4.5 per cent, respectively.

In Europe, the German DAX led the gainers closing the period 12.5 per cent higher. The Russian MICEX, France CAC 40 and FTSE 100 indices also closed higher, gaining 5.3, 5.0 and 2.9 per cent respectively. In Asia, stock movement was however mixed as indices moved in varying directions amongst the nations. While India BSE Sensex index closed 7.9 per cent higher, the Japanese Nikkei 225 and China's Shanghai Stock Exchange A indices declined by 1.5 and 6.3 per cent, respectively.

6.5 Other International Economic Developments and Meetings

Other major international economic developments and meetings of relevance to the domestic economy during the review quarter included: the Stakeholders' Forum on Capital Markets Integration in West Africa held in Accra, Ghana from 23-24 August, 2012. (The objective of the Forum was to resuscitate efforts aimed at implementing the long standing capital markets integration initiatives in the West Africa which was stunted by challenges such as lack of political will and global financial crisis). The Forum identified important areas of collaboration with the Central Banks to include payment settlements, capital account movement, foreign exchange controls and money laundering. The central banks in the sub-region were granted observer status on the newly constituted Governing Council. In charting the way forward, the West African Capital Markets Integration Process Council was constituted at the meeting, with the Secretariat domiciled at West African Monetary Institute (WAMI) and members drawn from the Securities and Exchange Commission and the Stock Exchanges of member countries. A timeline of three (3) months was given to the technical committee to come up with results at the next meeting scheduled to take place in Nigeria in November 2012.

Also, the ECOWAS Central Bank Governors met and deliberated on recent developments during the Mid-Year 2012 statutory meetings of West African Monetary Agency (WAMA), WAMI and West African Institute for Financial and Economic Management (WAIFEM) held in Monrovia, Liberia from July 11–12, 2012. The Governors considered and adopted the Reports of WAIFEM including the training programme, which recorded 15 sessions with 513 recipients during the first half of 2012.

At the Board meeting of WAMA, Governors considered the work programme of the Agency with further deliberations on multilateral surveillance of ECOWAS member countries, statistical and policy harmonization, international financial reporting standards (IFRS), developments on exchange rates of member countries, research papers, and accession of Cape Verde to WAMA. The Governors noted the inflationary pressures and unsustainable performance on macroeconomic convergence, expanding budget deficits of member countries, developments on the exchange rates of member countries and directed WAMA to make further consultations with other relevant stakeholders in the region. The Governors also directed the Agency to design a template for tracking migration to the International Financial Reporting Standards (IFRS), but leave its implementation to the respective national authorities.

At the meeting of WAMI, the Governors considered the Macroeconomic Performance and Convergence Report, and urged member countries to redouble efforts to achieve the stipulated primary and secondary criteria for the WAMZ Monetary Union. This was pertinent because of the limited time to the 2015 deadline for the take-off of the WAMZ Monetary Union and 2020 for the ECOWAS monetary union.

The Central Bank Governors also met and considered the report of the College of Supervisors of the WAMZ on the fringes of the ECOWAS institutions' meetings on July 12, 2012 in Monrovia, Liberia. The report (based on the financial system stability in the zone) identified the challenges of growing non-performing loans, excess liquidity in the banking system, high interest rates and expanding operation costs. The College proposed that WAMI should undertake a study to provide policy guide on increasing lending rates and wide interest rate spread in the region.

The 36th Ordinary Meeting of the Assembly of Governors of the Association of African Central Banks (AACB) was held in Algeria, on August 30, 2012. The Assembly of Governors adopted the following reports: Report on the AACB Symposium, held on August 11, 2011 in Lilongwe, Malawi; Report on the 35th Ordinary Meeting of the AACB Assembly of Governors, held on August 2011 in Lilongwe, Malawi; Report on the Implementation of the African Monetary Cooperation Programme (AMCP); Report on the Continental Seminar for year 2012; Progress Report on the "Community of African Banking Supervisors" (CABS); Report on Contributions to the AACB's budget for year 2012; Report on Accession to the Revised Statutes; and the Progress Report on the activities of the AUC-AACB Joint Committee. The Assembly of Governors approved the theme "Financial Inclusion in Africa: Financial Innovations Challenges for Monetary Policy and Financial Sector Stability" for the 2013 Symposium and "The Role of Central Banks in Facilitating Sustainable Economic Growth in Africa" for the 2013 AACB Continental Seminar.

In another development, the 19th Ordinary Summit of the Heads of State and Government of the African Union (AU) were held from July 15 – 16, 2012 in Addis Ababa, Ethiopia with the theme "Boosting Intra-African-Trade. The African Presidents and government representatives exchanged views on the development agenda of the continent and also deliberated on the future of the Union and its achievements. Elections were held into the position of new Chairperson, Deputy Chairperson and six of the eight Commissioners of the African Union Commission. The elected officers are to pilot the affairs of the Commission for the next four years.

Finally, the meeting of the Joint Technical Committee of the African Union Commission (AUC) and the Association of African Central Banks (AACB) was held from 23 to 25 July, 2012 in Abuja, Nigeria. The objective of the meeting was to consider the draft Joint Strategy Paper for the Establishment of the African Central Bank, prepared by the Joint Study Group of the ACB. The Head of the ACB Steering Committee presented the summary of the Draft Strategy for the establishment of the ACB. The areas covered include: preconditions for successful economic and monetary union; Lessons and Challenges to Economic and Monetary Integration; Recommendations of the Joint Strategy and way forward.

APPENDIX TABLES

Table A1: Money and Credit Aggregates

	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12
	₦ billion					
Domestic Credit (Net)	**8908.5**	**9981.6**	**13657.1**	**13688.9**	**13308.2**	*13348.1*
Claims on Federal Government (Net)	-1070.8	-1144.5	-526.5	-474.5	-1385.4	-1580.3
Central Bank (Net)	-2730.0	-3244.7	3544.1	-3236.4	-3969.9	-3598.6
Banks	1659.3	2100.2	3017.6	2761.8	2584.5	2018.3
Claims on Private Sector	9979.2	11126.1	14183.6	14163.5	14693.6	14928.5
Central Bank	741.7	885.6	4569.1	4642.9	4645.2	4659.5
Banks	9237.6	9840.2	9614.5	9520.6	10048.4	10269.0
Claims on Other Private Sector	559.0	10725.9	13670.4	13625.3	14107.3	14329.4
Central Bank	741.7	888.6	4569.1	4642.9	4645.2	4659.5
Banks	8817.4	9840.2	9101.2	8982.4	9462.1	9670.0
Claims on State and Local Government	420.2	400.2	513.2	538.1	586.3	599.0
Central Bank						
Banks	420.2	400.2	513.2	538.1	586.3	599.0
Claims on Non-financial Public Enterprises	--	--	--	--	--	--
Central Bank	--	--	--	--	--	--
Banks	--	--	--	--	--	--
Foreign Assets (Net)	**6453.7**	**6669.8**	**7138.7**	**7301.5**	**7525.2**	*8251.8*
Central Bank	4922.6	5267.5	5823.8	5750.6	6028.3	6388.56
Banks	1531.1	1402.3	1314.9	1550.9	1496.9	1863.22
Other Assets (Net)	-3184.8	-4030.5	-7498.3	-7725.5	-7354.9	-7559.2
Total Monetary Assets (M2)	**123177.4**	**12690.9**	**13297.5**	**13265.0**	**13478.4**	**14040.7**
Quasi-Money 1/	6534.8	6615.8	6531.9	6748	6883.7	7651.46
Money Supply (M1)	**5642.6**	**6005.1**	**6765.6**	**6516.9**	**6599.7**	6389.24
Currency Outside Banks	1016.4	1012.4	1245.2	1141.4	1088.3	1070.36
Demand Deposits 2/	4626.1	4992.7	5520.5	5375.6	5511.4	5318.87
Total Monetary Liabilities (M2)	**12177.4**	**12620.9**	**13297.5**	**13265.0**	**13483.4**	14040.7
Memorandum Items:						
Reserve Money (RM)	1706.0	2065.1	2784.1	2527.6	2512.5	3117.11
Currency in Circulation (CIC)	1416.4	1354.0	1566.1	1432.8	1363.7	1348.83
DMBs Demand Deposit with CBN	289.5	711.1	1218	1094.8	1148.7	1768.27

1/ Quasi money consist of Time, Savings and Foreign Currency Deposit at Deposit Money Banks excluding Taking from Discount Houses.

2/ Demand Deposit consist of State, Local and Parastatals Deposits at CBN, State, Local Government and Private Sector Deposits as well as Demand Deposits of non-financial Public Enterprises at Deposit Money Banks.

Table A2: Money and Credit Aggregates (Growth Rates)

	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12
	Percentage Change Over Preceding Quarter					
Domestic Credit (Net)	8.6	12.1	57.3	0.2	-2.7	0.3
Claims on Federal Government (Net)	-13.6	-7.5	52.6	9.9	-213.2	-14.5
Claims on Private Sector	5.6	11.6	44.7	-0.1	4.1	1.6
Claims on Other Private Sector	5.4	12.3	45	-0.3	3.9	1.6
Claims on State and Local Government	11.5	-4.8	38.8	4.9	8.9	2.2
Claims on Non-financial Public Enterprises	--	--	--	--	-	-
Foreign Assets (Net)	-7.6	3.4	9.7	2.3	3.0	9.7
Other Assets (Net)	-10.1	26.6	-104.3	-3.3	-4.7	-2.8
Total Monetary Assets (M2)	4.0	3.6	15.4	-0.2	1.6	4.1
Quasi-Money 1/	4.6	4.9	9.7	3.3	2.0	11.2
Money Supply (M1)	-2.6	4	21.44	-3.7	1.2	-3.2
Currency Outside Banks	2.8	-8.7	15.05	-8.3	-4.6	-1.6
Demand Deposits 2/	-4.0	7.3	22.98	-2.6	2.4	-3.5
Total Monetary Liabilities (M2)	4.0	3.6	15.4	-0.2	1.6	4.1
Memorandum Items:						
Reserve Money (RM)	21.1	-7.6	45.9	-9.2	-0.6	24.1
Currency in Circulation (CIC)	-8.7	-0.8	16.6	-8.5	-4.8	-1.1
DMBs Demand Deposit with CBN	145.6	-20.4	115.3	-10.1	4.9	53.9
	Percentage Change Over Preceding December					
Domestic Credit (Net)	2.3	14.6	42.4	0.2	-2.7	-2.47
Claims on Federal Government (Net)	4.6	-2	52.7	9.9	-177.9	-218.1
Claims on Private Sector	1.5	13.2	31.6	-0.1	3.6	5.25
Claims on Other Private Sector	1.0	13.4	31.3	-0.3	3.2	4.82
Claims on State and Local Governments	13.6	8.2	38.8	4.9	14.2	16.72
Claims on Non-financial Public Enterprises						
Foeign Asset (Net)	7.4	-0.8	2.51	2.3	5.4	15.6
Other Asset (Net)	13.6	13.7	-9.24	-3.3	2.2	-0.50
Total Monetary Assets (M2)	1.1	5.7	9.5	-3.7	1.4	5.5
Quasi-Money 1/	4.6	9.8	11.11	-8.3	5.4	17.1
Money Supply (M1)	-2.6	1.3	7.79	-2.6	-2.5	-5.6
Currency Outside Banks	2.8	-6.1	-6.46	-0.2	-12.6	-14
Demand Deposits 2/	-4.0	3.1	11.2		-0.3	-3.8
Total Monetary Liabilities (M2)	1.1	5.7	9.5	-9.2	1.4	5.5
Memorandum Items:				-8.5		
Reserve Money (RM)	-7.6	11.9	3.42	-10.1	-9.8	11.96
Currency in Circulation (CIC)	2.8	-6.1	-2.55	-8.5	-12.9	-13.87
DMBs Demand Deposit with CBN	35.0	52.1	21.0	-10.1	-5.7	45.18

1/ Quasi money consist of Time, Savings and Foreign Currency Deposit at Deposit Money Banks excluding Taking from Discount Houses.
2/ Demand Deposit consist of State, Local and Parastatals Deposits at CBN, State, Local Government and Private Sector Deposits as well as Demand Deposits of non-financial Public Enterprises at Deposit Money Banks.

Table A3: Federal Government Fiscal Operations (₦ billion)

	Q3-10	Q4-10	Q1-11	Q2-11	Q3-11	Q4-11	Q1-12	Q2-12	Q3-12
Retained Revenue	783.8	585.9	735.0	1184.2	587.7	825.5	967.2	852.0	762.6
Federation Account	518.7	504.3	501.1	738.7	423.2	576.2	576.2	659.8	642.8
VAT Pool Account	25.2	21.4	23.0	25.6	15.6	24.6	24.6	26.2	25.0
FGN Independent Revenue	72.7	35.9	103.4	45.1	39.5	15.9	125.4	101.3	7.8
Excess Crude	62.5	15.2	94.5	371.3	0.0	0.0	34.4	0.0	40.9
Others	104.6	9.0	13.0	3.6	109.4	208.9	206.6	64.8	46.2
Expenditure	1499.7	872.5	912.5	1345.3	952.8	902.5	954.7	1063.8	1221.7
Recurrent	1138.6	682.5	751.0	939.3	727.9	642.5	714.3	775.0	930.2
Capital	309.0	165.6	85.0	346.4	136.2	203.5	155.4	245.5	263.0
Transfers	41.3	40.5	76.5	59.7	88.7	56.5	85.0	43.3	28.3
Overall Balance: Surplus(+)/Deficit(-)	-715.9	-286.6	-177.5	-161.1	-365.1	-77.0	12.6	-211.8	-459.1

Table A4: Gross Domestic Product at 1990 Basic Prices

	Q2-2011[1]	Q3-2011[1]	Q4-2011[1]	Q1-2012[1]	Q2-2012[1]	Q3-2012[1]
	₦ billion					
Real GDP	**188.03**	**228.31**	**246.28**	**182.12**	**200.4**	**243.9**
Oil GDP	*27.90*	*32.59*	*33.34*	*28.78*	*27.8*	32.3
Crude Petroleum & Natural Gas	27.90	32.59	33.34	28.78	27.8	32.3
Non-oil GDP	*160.13*	*195.72*	*212.94*	*153.34*	*172.56*	211.6
Agriculture	78.21	99.65	97.26	62.78	81.33	103.8
Industry (excluding crude petroleum/natural Gas)	8.04	8.94	18.25	2.65	8.7	9.75
Building & Construction	3.93	3.68	4.89	5.49	4.42	4.11
Wholesale & Retail Trade	31.50	41.75	48.95	42.6	34.19	46.21
Services	38.45	**41.71**	**43.59**	**39.87**	**43.93**	**47.74**
	Relative Share (%)					
Real GDP	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**
Oil GDP	14.84	14.27	13.54	15.80	13.90	13.25
Crude Petroleum & Natural Gas	14.84	14.27	13.54	15.80	13.90	13.25
Non-oil GDP	85.16	85.73	86.46	84.20	86.10	86.75
Agriculture	41.59	43.64	39.49	34.47	47.10	42.58
Industry (excluding crude petroleum/natural Gas)	4.63	3.92	7.41	1.44	5.04	3.98
Building & Construction	2.09	1.61	1.99	3.01	2.56	1.68
Wholesale & Retail Trade	16.75	18.29	19.87	23.39	19.81	18.94
Services	20.45	18.27	17.70	21.89	25.45	**19.57**
	Growth Rate (%)					
Real GDP	**7.61**	**7.30**	**7.68**	**6.17**	**6.58**	**6.86**
Oil GDP	*0.98*	*-0.38*	*-0.40*	*-2.30*	*-0.20*	*-0.83*
Crude Petroleum & Natural Gas	0.98	-0.38	-0.40	-2.30	-0.20	-0.83
Non-oil GDP	*8.85*	*8.70*	*9.07*	*7.93*	*7.80*	8.4
Agriculture	5.95	5.60	5.74	4.15	3.98	4.25
Industry (excluding crude petroleum/natural Gas)	1.43	1.83	2.70	0.51	8.20	12.35

Source: National Bureau of Statistics.

[1] *Provisional.*