CENTRAL BANK OF NIGERIA

ECONOMIC REPORT OCTOBER 2012

The Central Bank of Nigeria 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

Growth in the key monetary aggregate was modest at the end of October 2012. On month-on-month basis, broad money (M_2) rose by 2.4 per cent, due largely to the increase in foreign assets (net) and other assets (net) of the banking system, respectively. Narrow money (M_1) grew by 2.3 per cent, compared with the level at the end of the preceding month. Relative to the level at end-December 2011, M_2, grew by 8.2 per cent, owing, largely, to the increase in foreign assets (net) of the banking system. Reserve money (RM) fell by 2.5 per cent below its level in the preceding month.

Available data indicated mixed developments in banks' deposit and lending rates in October 2012. The average prime lending rate rose while average maximum lending rate fell. The spread between the weighted average term deposit and maximum lending rates widened from 17.28 per cent to 17.45 per cent in October 2012. Similarly, the margin between the average savings deposit and maximum lending rates widened to 22.91 percentage points in the review month from 22.89 per cent in the preceding month. The weighted average interbank call rate fall to 11.42 per cent from 13.50 per cent in the preceding month, reflecting the liquidity condition in the interbank funds market during the month.

The value of money market assets outstanding at end–October 2012 was ₦6,102.3 billion, showing an increase of 1.2 per cent over the level at end-September 2012. The development was attributed to the 1.9 per cent increase in the value of FGN Bonds outstanding. Activities on the Nigerian Stock Exchange (NSE) in October 2012 were bullish.

Gross federally-collected revenue in October 2012 was estimated at ₦810.80 billion, showing an increase of 0.4 and 1.7 per cent above the monthly budget estimate and the preceding month's level, respectively. At ₦606.81 billion, gross oil receipts exceeded both the monthly budget estimate and the preceding month's level by 9.7 and 9.4, respectively. This was attributed largely, to the rise in receipts from all the components and favorable crude oil prices at the international oil market.

Non-oil receipts, at ₦203.98 billion (25.2 per cent of the gross federally collected revenue), was 16.0 and 19.9 per cent lower than the receipts in the preceding month and the monthly budget estimates, respectively. The decline in non-oil revenue relative to the preceding month, reflected largely, the fall in customs/excise duties and customs special levies. Federal Government estimated retained revenue in October 2012 was ₦246.68 billion, while total estimated expenditure was ₦376.15 billion. Thus, the fiscal operations of the Federal Government resulted in an estimated deficit of ₦170.87 billion, as

against the estimated monthly budget deficit of ₦94.68 billion.

The agricultural sector in October 2012 experienced mixed developments. Crude oil production, including condensates and natural gas liquids during the month was estimated at 2.0 million barrels per day (mbd) or 62.0 million barrels for the month. Crude oil export was estimated at 1.55 million barrels per day (mbd) or 48.05 million barrels during the month. The average price of Nigeria's reference crude, the Bonny Light (37^0 API), was estimated at US$114.24 per barrel, indicating an increase of 2.9 per cent, compared with the level in the preceding month.

The end-period headline inflation rate (year-on-year), in October 2012, was 11.7 per cent, 0.4 percentage point above the level in the preceding month. Inflation rate on a twelve-month moving average basis was 11.9 per cent, same with the level in the preceding month.

Foreign exchange inflow and outflow through the CBN in October 2012 were US$3.45 billion and US$1.76 billion, respectively, and resulted in a net inflow of US$1.69 billion. Foreign exchange sales by the CBN to the authorized dealers amounted to US$1.50 billion, showing a decline of 21.8 per cent below the level in the preceding month. Gross external reserves stood at US$42.23 billion, indicating an increase of 3.9 per cent above the level in the preceding month.

Relative to the level in the preceding month, the average Naira exchange rate vis-à-vis the US dollar appreciated in all the segments (WDAS, interbank and bureaux-de-change segments) of the foreign exchange market.

Non-oil export receipts increased by 164.0 per cent above the level in the preceding month. The development was attributed, largely, to the increase in food, agriculture, industrial and manufactured products sub-sectors.

World crude oil output in October 2012 stood at 90.47 million barrels per day (mbd), while demand was 89.54 million barrels per day (mbd), compared with 90.09 and 89.61 mbd supplied and demanded, respectively, in the preceding month.

Other major international economic developments and meetings of relevance to the domestic economy during the month included: the 2012 Annual Meetings of the Board of Governors of the World Bank Group and the International Monetary Fund (IMF) held in Tokyo, Japan from October 9 – 14, 2012. The meeting was preceded by the meetings of the Ministers of the Inter-governmental Group of 24 (G-24), the International Monetary and Finance Committee and the Development Committee which discussed issues relating to the global financial and economic situation, role and reform of the international *financial institutions (IFIs), development finance, infrastructure, quota and governance reforms, amongst others.*

In another development, the 12th International Economic Forum organized by the Organisation for Economic Cooperation and Development (OECD) Conference Centre, in collaboration with the African Development Bank (AfDB), the UN Economic Commission for Africa, the UN Development Programme, and the French Ministry of Economy and Finance took place on October 4, 2012 in Paris with more than 500 participants from European and African policymakers, economists and academicians. The objective was to seek ways of finding employment for the millions of youths that are ready to enter the work force across the continent.

Finally, the International Monetary Fund launched its Regional Economic Outlook for Africa during the IMF and World Bank Annual Meetings in Tokyo, Japan in October 2012. The Outlook revealed that growth in sub-Saharan Africa had remained generally robust against the backdrop of a sluggish global economy and that regional output was projected to expand by at least 5.0 per cent in 2012–13, a similar pace to that recorded in 2010–11, among others.

2.0 Financial Sector Developments

Growth in the major monetary aggregate was modest at the end of the review month. Available data indicated mixed developments in deposit and lending rates. The value of money market assets outstanding increased, owing, largely, to the rise in the value of FGN Bonds outstanding. Activities on the Nigerian Stock Exchange (NSE) were bullish during the review month.

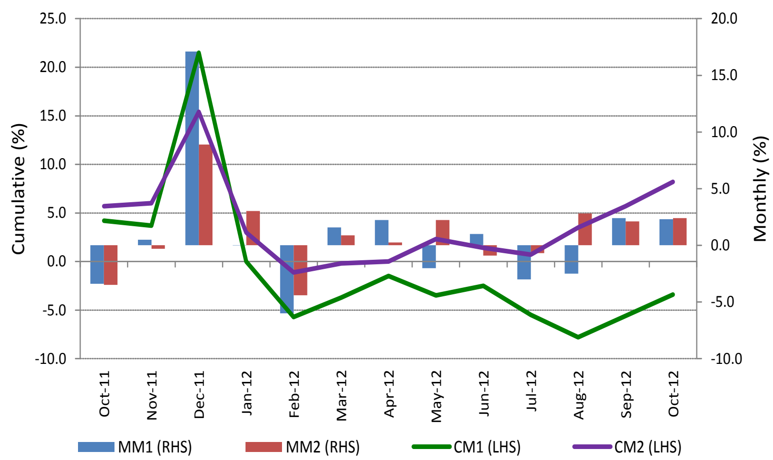
2.1 Monetary and Credit Developments

Provisional data indicated that growth in money supply was modest at end-October 2012. Broad money supply (M_2), at ₦14,398.2 billion, rose by 2.4 per cent, on month-on-month basis, compared with 2.1 per cent the end of the preceding month. The development, relative to the preceding month, was accounted for, largely, by the 6.0 and 0.02 per cent growth in foreign assets (net) and other asset (net) of the banking system, respectively. Over the level at end-December 2011, M_2 grew by 8.2 per cent, reflecting the rise in foreign assets (net) of the banking system.

Growth in the key monetary aggregate was modest in October 2012.

Narrow money supply (M_1), at ₦6,541.0 billion, grew by 2.3 per cent, on month-on-month basis, compared with the growth of 2.4 per cent at the end of the preceding month. The development was accounted for, largely, by the 7.8 and 1.2 per cent growth in its currency outside banks and demand deposit components, respectively. Relative to the level at end-December 2011, (M_1) declined by 3.4 per cent, reflecting largely, the 7.4 and 2.5 per cent fall in its demand deposits and currency outside banks components, respectively, (Fig. 1, Table 1).

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



At ₦13,210.3 billion, aggregate banking system credit (net) to the domestic economy declined marginally by 1.2 per cent, on a month-on-month basis, in contrast to the 1.6 and 3.1per cent growth at the end of the preceding month and the corresponding period of 2011, respectively. The development reflected, largely, the 22.6 per cent fall in net claims on the Federal Government. Over the level at end-December 2011, aggregate banking system credit (net) to the domestic economy declined by 3.5 per cent.

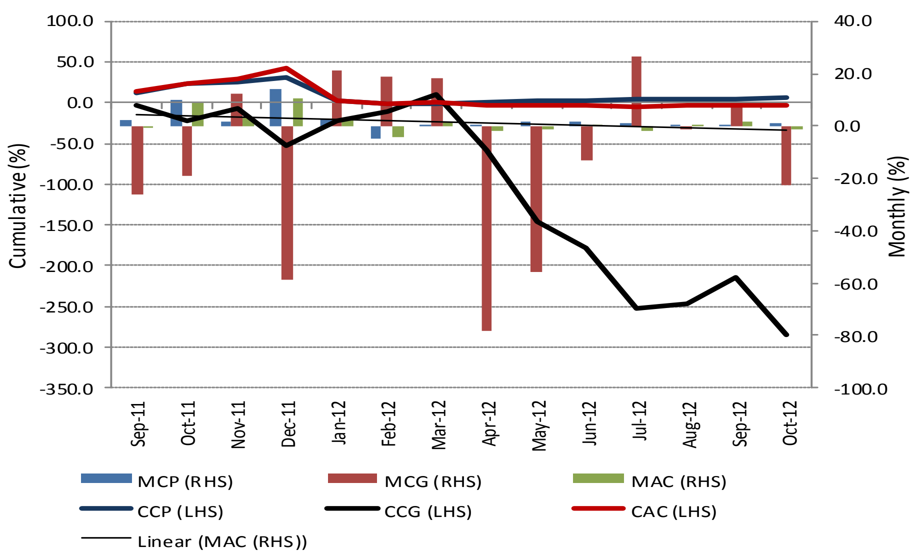
Banking system's credit (net) to the Federal Government, on a month-on-month basis, fell by 7.2 per cent, in contrast to the increase of 13.1 per cent at the end of the preceding month. The development was attributed, largely, to the decline in DMBs' holdings of FGN securities and the rise in Federal Government deposits with the CBN during the month. Over the level at end-December 2011, aggregate banking system's claims (net) on the Federal Government fell by 41.9 per cent, compared with the decline of 45.8 and 22.0 per cent at the end of the preceding month and corresponding period of 2011, respectively.

At the end of the review month, banking system's credit to the private sector rose by 1.3 per cent, above the preceding month's level to ₦15,126.9 billion, compared with the increase

[1] MM1 and MM2 represent month-on-month changes, while CM1 and CM2 represent cumulative changes (year-to-date).

of 0.3 per cent recorded at the end of July 2012. Similarly, banking system's claims on the core private sector rose by 1.2 per cent to ₦14,511.7 billion, compared with the growth of 0.2 per cent at the end of the preceding month. Relative to the level at end-December 2011, banking system's credit to the private sector rose by 6.7 per cent. The development reflected, largely, the rise in DMBs' claims on the sector (Fig. 2, Table 1).

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



At ₦8,762.9 billion, foreign assets (net) of the banking system rose by 6.0 per cent at end-October, compared with the increase of 2.5 per cent at the end of the preceding month. The development was attributed to the 8.2 per cent increase in CBN's holdings. Relative to the level at end-December 2011, foreign assets (net) of the banking system, grew by 22.7 per cent, reflecting largely, the 40.4 per cent increase in DMBs' holdings.

Foreign assets (net) of the banking system rose on month-on-month basis at end October 2012.

Quasi-money rose by 2.4 per cent, on month-on-month basis, to ₦7,857.7 billion, compared with the increase of 2.0 and 7.1 per cent in the preceding month and corresponding month of 2011, respectively. The development reflected the increase in time and savings deposits at the deposit money banks (DMBs). Over

[2] MCP, MCG and MAC represent month-on-month 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).

the level at end-December 2011, quasi-money, rose by 20.3 per cent due to the same reasons as above.

Other assets (net) of the banking system, on a month-on-month basis, rose by 0.01 per cent to negative ₦7,575.0 billion, in contrast to the 1.5 and 20.1 per cent decline at the end of the preceding month and the corresponding month of 2011, respectively. The development was attributed to the increase in unclassified assets of CBN. Relative to the level at end-December 2011, other assets (net) of the banking system, fell by 0.7 per cent.

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

	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Sep-12	Oct-12
Domestic Credit (Net)	22.7	-0.1	8.7	3.5	22.0	2.0	-3.5	1.6	-2.0	-1.6	-1.2
Claims on Federal Government (Net)	50.2	-25.9	-19.2	12.7	55.4	-35.8	20.3	18.6	-78.1	26.5	-22.6
Claims on Private Sector	9.4	2.1	9.8	1.7	14.6	3.2	-4.3	0.8	0.5	1.0	1.3
Claims on Other Private Sector	9.3	2.3	9.8	2.0	14.2	3.5	-4.5	0.6	0.4	1.0	1.2
Foreign Assets (Net)	-7.1	-4.4	0.8	-1.5	7.8	3.9	-2.5	1.0	5.3	3.9	6.0
Other Assets (Net)	-36.8	9.6	-33.9	-4.5	-33.7	-1.2	0.9	-2.2	-1.0	-2.3	0.0
Broad Money Supply (M2)	1.0	0.9	-3.5	0.3	8.9	3.4	-4.4	0.9	2.9	-0.7	2.4
Quasi-Money	1.8	-0.3	-3.7	1.0	1.5	6.1	-2.8	0.2	-1.7	1.5	2.4
Narrow Money Supply (M1)	0.1	2.2	-3.4	-0.5	17.1	0.8	-6.0	1.6	2.2	-3.0	2.3
Reserve Money (RM)	2.0	3.6	24.0	-1.0	18.9	-3.4	2.6	-8.4	2.5	15.2	-2.5

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

At ₦1,458.2 billion, currency in circulation rose by 8.1 per cent in the review month, in contrast to the decline of 1.4 per cent at the end of the preceding month. The development reflected, wholly, the 7.8 per cent increase in currency outside banks. Relative to end-December 2011, currency in circulation fell by 6.9 per cent.

Reserve money (RM) declined during the month under review.

Total deposits at the CBN amounted to ₦7,177.1 billion, indicating an increase of 4.4 per cent above the level at the end of the preceding month. The development reflected, largely, the significant rise in Federal Government deposits which more than offset the decline in deposits by DMBs and private sector. Of the total deposits, the percentage shares of the Federal Government, banks and "others" were 68.8, 22.0 and 9.2 per cent, respectively, compared with 65.5, 25.8 and 8.7 per cent in the preceding month.

The reserve money (RM) declined by 2.5 per cent above the level in the preceding month to ₦3,039.2 billion at the end of the review month, reflecting the trends in bank's reserves with the CBN.

2.3 Money Market Developments

Money market indicators moved in tandem with the level of liquidity in the market during the review month. In addition to the monetary policy tools deployed, FGN Bonds and NTBs were issued at the primary market on behalf of the Debt Management Office (DMO) for the fiscal operations of the Federal Government of Nigeria (FGN). Subscription remained impressive as the patronage for the risk-free government securities was sustained due to better yield compared with other countries markets, accretion to reserves and relative price stability in the economy.

Provisional data indicated that the value of money market assets outstanding at end-October 2012 was ₦6,102.3 billion, indicating an increase of 1.2 per cent, compared with an increase of 1.1 per cent at the end of the preceding month. The development was attributed to the 1.9 per cent increase in FGN Bonds outstanding.

2.3.1 Interest Rate Developments

Interest rates development was mixed in October 2012.

Available data indicated mixed developments in deposit and lending rates during the month. The average savings deposit rate declined from 1.78 per cent in the preceding month to 1.74 per cent in October 2012. With the exception of the 7-day deposit rate, which rose by 0.13 percentage point to 4.70 per cent, all other rates on deposits of various maturities fell from a range of 6.77 – 8.79 per cent in September 2012 to 6.21 – 8.69 per cent. At 7.21 per cent, the average term deposit rate for the review month fell by 0.18 percentage point below the level in the preceding month. The average prime lending rate rose by 0.11 percentage point to 16.48 per cent, while the maximum lending rate fell by 0.02 percentage point to 24.65 per cent. Consequently, the spread between the weighted average term deposit rates and average maximum lending rate widened to 17.45 percentage points from 17.28 percentage points in September 2012. Similarly, the margin between the average savings deposit and maximum lending rates widened to 22.91 percentage points in the review month from 22.89 percentage points in the preceding month.

At the interbank call segment, the weighted average rate, which stood at 13.50 per cent in September, fell by 2.08 percentage points to 11.42 per cent. The weighted average rate at the open-buy-back (OBB) segment fell by 1.76 percentage points to 11.29 per cent in the review month from 13.05 per cent in September 2012, reflecting the liquidity condition at the interbank funds market. The Nigerian interbank offered rate (NIBOR) for the 7- and 30-day tenors, decreased by 1.73 and 1.24 percentage points, below their levels in the preceding month to 12.09 and 13.48 per cent, respectively. With the headline inflation rate at 11.7 per cent at end-October 2012, most rates, with the exception of the lending rates were negative in real terms (Fig. 3, Table 2).

Figure 3: Selected DMBs Interest Rates (Average)

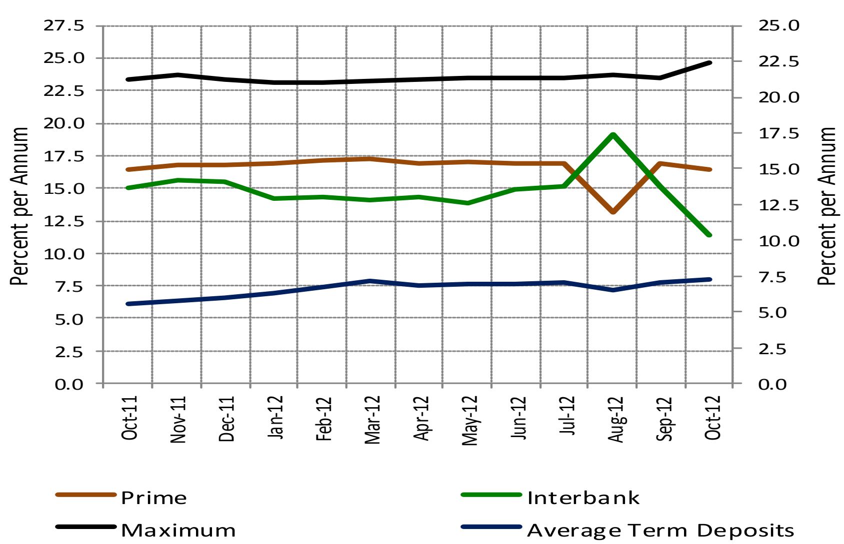


Table 2: Selected Interest Rates (Percent, Averages)

	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12
Average Term Deposits	4.28	4.89	5.54	5.93	5.94	4.39	6.72	7.15	6.83	6.96	7.33	7.39	7.21
Prime Lending	15.82	15.99	16.49	16.92	17.11	17.27	17.10	16.90	16.93	16.98	16.53	16.37	16.48
Interbank	8.18	11.38	15.00	15.58	15.50	14.19	14.50	14.13	14.30	13.80	17.81	13.50	11.42
Maximum Lending	22.27	22.32	23.32	23.66	23.35	23.08	23.10	23.21	23.31	23.44	23.76	24.67	24.65

2.3.2 Commercial Paper (CP)

The value of Commercial Paper (CP) held by the DMBs at end-October 2012 stood at ₦1.2 billion. Thus, CP constituted 0.02 per cent of the total value of money market assets outstanding.

2.3.3 Bankers' Acceptances (BAs)

The value of Bankers' Acceptances (BAs) declined by 14.0 per cent to ₦14.69 billion, in contrast to the increase of 0.7 per cent in the preceding month. The fall in BAs was as a result of the decline in investments by DMBs and discount houses. As a proportion of the total value of money market assets outstanding, BAs accounted for 0.24 per cent at end-October 2012, compared with 0.28 per cent at the end of the preceding month.

2.3.4 Open Market Operations

In line with its tight monetary policy stance, the Bank intervened in the market through the sale of NTBs in Open Market Operation (OMO). Total amount offered was ₦1,220.00 billion, public subscription stood at ₦1,299.34 billion, while allotment was ₦882.80 billion, compared with the total offer, subscription, and allotment of ₦920.00 billion, ₦714.27 billion and ₦318.42 billion, respectively, in the preceding month. The bid rates ranged from 13.25 -14.75 per cent, while the stop rates ranged between 13.95 – 14.10 per cent, compared with the bid rates of 13.24 - 17.00 per cent and stop rates of 13.70 - 14.60 per cent during the preceding month.

2.3.5 Primary Market

At the primary market segment, auctions on the Nigerian Treasury Bills (NTBs) were conducted for the 91-, 182- and 364-day tenors. Total amount offered, subscribed to and allotted were ₦283.11 billion, ₦587.55 billion and ₦283.71 billion, respectively, compared with ₦348.89 billion, ₦889.95 billion and ₦348.89 billion in the preceding month. The bid rates ranged from 12.00 - 15.00 per cent for the 91-day tenor, 11.50 – 14.60 per cent for the 182-day tenor and 12.50–15.99 per cent for the 364-day tenor. The bid-cover ratios for the respective tenors were 1.81, 1.84 and 2.52. The relative high bid-cover ratio of over 2.0 for the 364-day tenor indicates investors' high preference for the security. The repayment of ₦283.11 billion was equal to the NTB sale during the review month and resulted in a nil net outflow.

2.3.6 Bonds Market

Three tranches of FGN Bonds were re-opened during the month.

Federal Government of Nigeria (FGN) Bonds of 5-, 7-and 10-year tranches, amounting to ₦75.0 billion, were reopened and offered to the market during the review month. Total subscriptions stood at ₦38.05 billion (5-year), ₦46.10 billion (7-year) and ₦ 60.17 billion (10-year) tranches, while bid rates ranged from 9.00 - 16.14 per cent, 10.98 -16.00 per cent and 10.00 -16.00 per cent, respectively. Total allotment were ₦75.00 billion at 13.68 per cent for the 5-year, 13.74 per cent for the 7-year and 13.50 per cent for the 10-year bond. In the preceding month, the same FGN Bonds of 5- and 7-year tranches offered were ₦60.00 billion, while subscription stood at ₦82.97 billion. The bid rates ranged from 12.90 - 12.93 per cent. The high level of public subscription, compared with the preceding month, was due largely to the attractive yield on Federal Government instruments.

2.3.7 CBN Standing Facilities

The total standing lending facility (SLF) granted was ₦319.71 billion, compared with ₦979.62 billion in the preceding month. Average daily request for SLF in October was ₦15.99 billion, compared with ₦48.98 billion in September 2012. The total Standing Deposit Facility (SDF) stood at ₦2,408.70 billion in October 2012, representing a daily average of ₦120.44 billion, reflecting an increase of 13.07 per cent when compared with the previous month's level.

2.4 Deposit Money Banks' Activities

Available data indicated that total assets and liabilities of the deposit money banks (DMBs) amounted to ₦21,201.7 billion, showing an increase of 1.8 per cent when compared with the level at end-September 2012. Funds were sourced mainly from mobilisation of time, savings and foreign currency deposits (₦184.3 billion) and unclassified liabilities (₦175.3 billion). The funds were used, largely, to purchase Federal Government securities (₦419.9 billion), private sector securities (₦29.2 billion) and securities of other financial institutions (₦52.9 billion).

DMBs' Credit to the domestic economy fell by 3.4 per cent below the level in the preceding month.

At ₦12,730.4 billion, DMBs' credit to the domestic economy rose by 3.4 per cent, when compared with the level in the preceding month. On a month-on-month basis, DMB's credit to the private sector rose by 0.4 per cent, while credit to the government rose by 18.4 per cent relative to the level in the preceding month. Central Bank's credit to the DMBs fell by 16.7 per cent to ₦255.8 billion at end-October 2012.

The specified liquid assets of the DMBs stood at ₦5,909.9 billion, representing 49.7 per cent of their total current liabilities. This level of liquid assets was 2.1 percentage points above the preceding month's ratio of 47.6, and 19.7 percentage points above the stipulated minimum ratio of 30.0 per cent. The loan-to-deposit ratio was 43.7 per cent and was 36.3 percentage points below the stipulated maximum target of 80.0 per cent for the industry.

2.5 Discount Houses' Activities

Provisional data indicated that total assets and liabilities of the discount houses stood at ₦325.6 billion at end-October 2012, showing an increase of 11.9 per cent above the level at the end of the preceding month. The development was accounted for, largely, by the significant rise in claims on Federal Government. Correspondingly, the increase in total liabilities was attributed, largely, to the increase in money-at-call and other liabilities.

Discount Houses investment in government securities was 50.8 percentage points below the prescribed minimum ratio of 60.0 per cent.

Discount houses' investment in Federal Government securities of less than 91-day maturity rose to ₦74.0 billion and accounted for 30.8 per cent of their total deposit liabilities. Thus, investment in Federal Government Securities was 29.2 percentage points below the prescribed minimum level of 60.0 per cent. At that level, discount houses' investment on NTBs increased by 154.1 per cent above the level at the end of the preceding month. Total borrowing by the discount houses was ₦55.7 billion, while their capital and reserves amounted to ₦34.4 billion. This resulted in a gearing ratio of 1.6:1, compared with the stipulated maximum target of 50:1 for fiscal 2012.

2.6 Capital Market Developments

2.6.1 Secondary Market

Available data indicated that activities on the Nigerian Stock Exchange (NSE) were bullish during the review month. The volume and value of transactions increased by 3.9 and 33.5 per cent to 10.5 billion shares and ₦91.5 billion, respectively, in 104,921 deals, compared with 10.1 billion shares, valued at ₦68.6 billion, in 94,569 deals in the preceding month. Activities on the Exchange were driven largely, by transactions in the financial services sector, particularly the banking sub-sector.

Figure 4: Volume and Value of Traded Securities

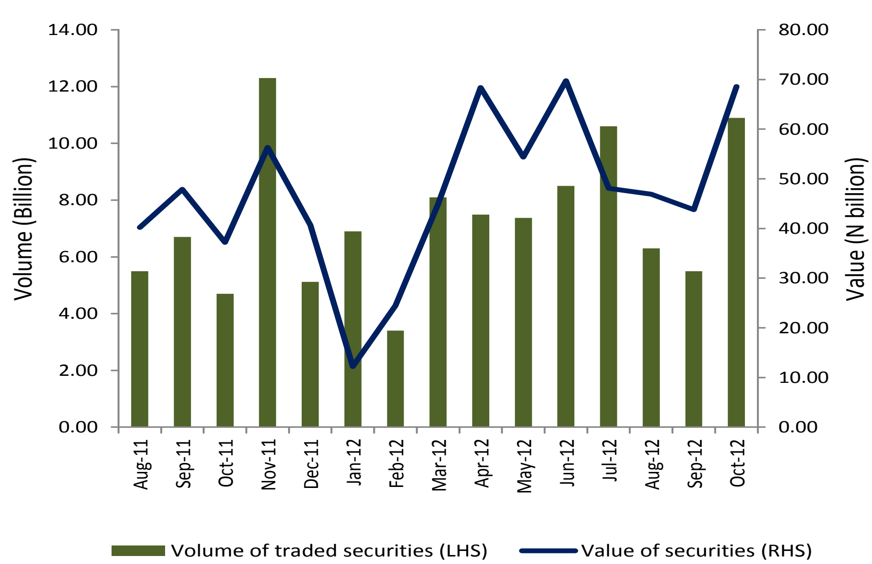


Table 3: Traded Securities on the Nigerian Stock Exchange (NSE)

	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12
Volume (Billion)	12.30	5.12	6.90	4.10	8.10	7.49	7.37	8.52	10.60	6.30	5.50	10.09	10.48
Value (₦ Billion)	54.60	27.80	9.40	31.80	44.95	68.37	54.40	69.78	48.10	46.90	43.80	68.58	91.50

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

Transactions on the Over-the-Counter (OTC) bond market indicated a turnover of 587.3 million units, worth ₦646.2 billion in 3,581 deals during the month.

2.6.3 New Issues Market

There were two supplementary listings, but there were no new listings in the review month (Table 4). During the month, the shares of Starcomms Plc were placed on full suspension due to its capital restructuring exercise.

Table 4: Supplementary Listing on the Nigerian Stock Exchange

S/N	Company	Additional Shares (Units)	Reasons	Listing
1	FMBN SPV ISSUER LTD	6.0 Billion	Part of ₦100 Billion RMBS Programme	New
2	Studio Press Nigeria Plc	252,104,285	Conclusion of Special Placing	Supplementary

2.6.4 Market Capitalization

The aggregate market capitalisation of the listed securities stood at ₦14.1 trillion, indicating an increase of 2.2 per cent over ₦13.8 trillion in the preceding month. The equities market capitalisation declined by 1.2 per cent to ₦8.4 trillion when compared with the level in September 2012 and accounted for 59.6 per cent of the total, while the debt component accounted for the balance of 42.4 per cent.

2.6.5 NSE All-Share Index

The All-Share Index at end-October 2012 was 26,430.92, representing an increase of 1.6 per cent above the level in the preceding month. Two of the five sectoral indices increased during the month. The NSE Banking and the NSE Lotus Islamic Index (NSE LII) rose by 7.2 and 5.6 per cent, respectively, while the NSE Consumer Goods, NSE Insurance and NSE Oil/Gas, however, declined by 0.5, 1.3 and 2.8 per cent, respectively.

Figure 5: Market Capitalization and All-Share Index

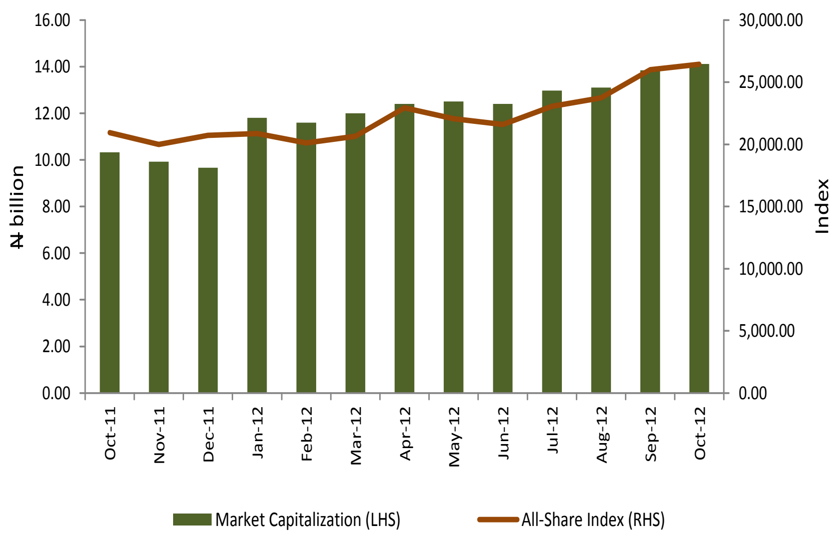


Table 5: Market Capitalization and All Share Index (NSE)

	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12
Market Capitalization (₦ trillion)	10.3	9.9	10.2	11.8	11.6	12.0	12.4	12.5	12.4	13.0	13.1	13.8	14.1
All-Share Index	20,935.00	20,003.36	25,271.60	23,826.99	20,123.51	20,652.47	22,045.66	22,066.40	21,599.57	23,061.38	23,750.82	26,008.03	26,430.90

3.0 Fiscal Operations

3.1 Federation Account Operations

Total gross federally-collected revenue stood at ₦810.80 billion in October 2012, showing an increase of 0.4 and 1.7 per cent above the monthly budget estimate and the receipts in the preceding month, respectively. The increase relative to the level in the preceding month was attributed to the rise in oil revenue (Fig. 6, Table 6).

Gross federally-collected revenue rose above the level in the preceding month.

Figure 6: Components of Gross Federally-Collected Revenue

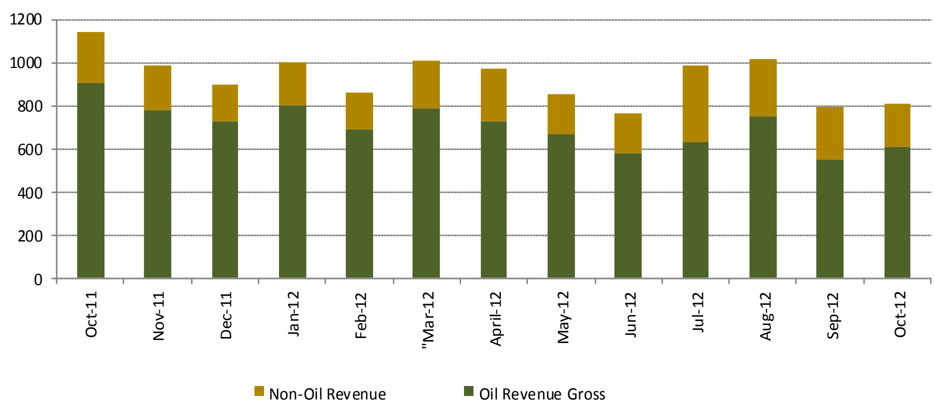


Table 6: Gross Federation Account Revenue (₦ billion)

	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12
Federally-collected revenue (Gross)	1143.3	949.7	902.6	1105.0	862.4	1013.6	899.9	855.1	766.3	985.8	1021.1	797.4	810.8
Oil Revenue	904.2	778.0	726.0	901.1	688.5	786.4	730.9	671.1	579.6	632.6	749.1	554.5	606.8
Non-Oil Revenue	239.1	211.8	176.6	203.9	173.9	227.2	243.9	184.0	186.7	353.2	272.0	243.0	204.0

At ₦606.81 billion, gross oil receipts, which constituted 74.8 per cent of the total revenue, exceeded both the receipts in the preceding month and the monthly budget estimate by 9.4 and 9.7 per cent, respectively. The development relative to the preceding month was attributed, largely to the increase in receipts from all the components and favorable crude oil price at the international market (Fig. 7, Table 7).

Relative to the preceding month's level, oil receipts rose in October 2012.

Figure 7: Gross Oil Revenue and Its Components

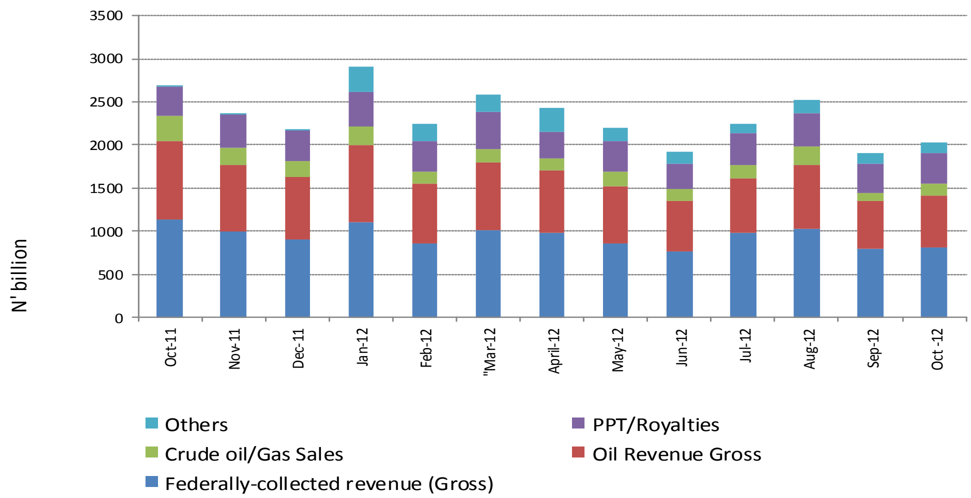


Table 7: Components of Gross Oil Revenue (₦ billion)

	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12
Oil Revenue	**904.2**	**778.0**	**726.0**	**901.1**	**688.5**	**786.4**	**730.9**	**671.1**	**579.6**	**632.6**	**749.1**	**554.5**	**606.8**
Crude oil/Gas Sales	*290.7*	*207.0*	*185.6*	*212.0*	*137.8*	*156.7*	*136.2*	*171.2*	*145.1*	*149.4*	*210.8*	*95.0*	*133.3*
Domstic crude oil/G	*278.8*	*190.3*	*183.2*	*275.3*	*182.6*	*193.9*	*271.4*	*137.4*	*130.1*	*98.3*	*139.4*	*115.0*	*114.8*
PPT/Royalties	*334.4*	*380.2*	*356.2*	*406.0*	*360.2*	*427.9*	*315.3*	*354.4*	*296.4*	*377.0*	*389.8*	*336.6*	*350.1*
Others	*0.5*	*0.2*	*0.4*	*7.9*	*7.8*	*8.0*	*8.0*	*145.5*	*137.9*	*106.2*	*148.5*	*7.9*	*8.6*

The performance of non-oil receipts declined relative to both the monthly budget estimate and the preceding month's receipts.

At ₦203.98 billion, gross non-oil receipts, constituted 25.2 per cent of the total and was 16.0 and 19.9 per cent below the receipts in the preceding month and the monthly budget estimate, respectively. The decline in non-oil revenue relative to the receipts in the preceding month reflected, largely, the decline in customs/excise duties as well as customs special levies.

On cumulative basis, total federally-collected revenue for the period January to October 2012 was estimated at ₦9,111.46 billion, reflecting an increase of 12.8 per cent over the budget estimate for the period, but decline by 1.3 per cent when compared with the level in the corresponding period of 2011. Of this amount, oil receipts represented 75.7 per cent, while non-oil receipts accounted for the balance of 24.3 per cent.

Figure 8: Gross Non-Oil Revenue and its Components

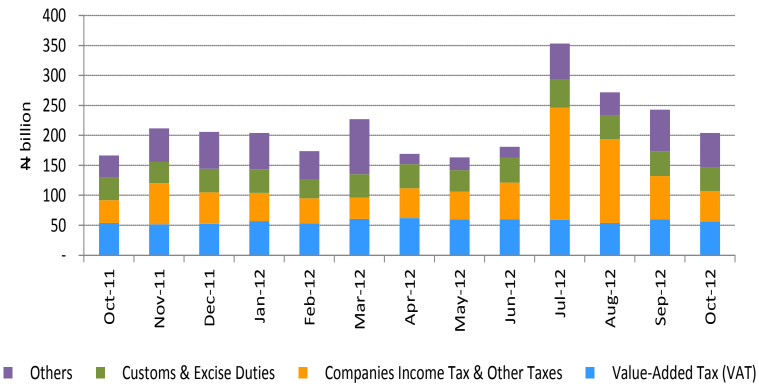


Table 8: Components of Gross Non-Oil Revenue (₦ billion)

	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12
Non-Oil Revenue	**237.1**	**211.8**	**176.6**	**205.7**	**159.2**	**227.2**	**243.9**	**184.0**	**186.7**	**353.2**	**272.0**	**243.0**	**204.0**
Value-Added Tax (VAT)	60.7	51.6	52.3	54.9	53.2	60.6	62.0	59.7	60.1	59.2	53.9	60.4	56.3
Companies Income Tax & Other Taxes	79.2	68.6	52.5	66.8	41.6	35.8	49.5	46.8	61.1	187.5	139.6	71.6	51.1
Customs & Excise Duties	39.9	35.6	39.5	38.6	30.9	39.0	40.6	35.7	41.3	46.2	39.3	41.5	39.4
Others	59.3	56.0	144.3	160.0	33.5	91.8	91.7	41.8	24.2	60.4	39.2	69.5	57.2

Of the gross federally-collected revenue during the month, the sum of ₦449.20 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 ₦217.74 billion, while the states and local governments received ₦107.40 billion and ₦82.80 billion, respectively. The balance of ₦47.26 billion went to the 13.0% Derivation Fund for distribution by the oil-producing states. Also, the Federal Government received ₦8.11 billion from the VAT Pool Account, while the state and local governments received ₦27.04 billion and ₦18.93 billion, respectively. Furthermore, the sum of ₦35.55 billion was distributed as the Subsidy Reinvestment and Empowerment Programme (SURE-P) among the three tiers of government and the 13% Derivation Fund as follows: Federal Government (₦16.29 billion), State Governments (₦8.26 billion), Local Governments (₦6.37 billion) and 13% Derivation Fund (₦4.62 billion).

In addition, the NNPC Refund was shared by the sub-national governments and 13% Derivation Fund as follows: State Governments (₦3.74 billion), Local Governments (₦2.88 billion) and 13% Derivation Fund (₦0.99 billion).

3.2 The Fiscal Operations of the Three Tiers of Government

3.2.1 The Federal Government

Federal government estimated retained revenue was above the preceding month but lower than the monthly budget estimate.

At ₦246.68 billion, the estimated Federal Government retained revenue for October 2012, was lower than the monthly budget estimate by 25.6 per cent, but slightly above the level in the preceding month by 0.1 per cent. Of this amount, the Federation Account, SURE-P, VAT, augmentation and Federal Government Independent Revenue accounted for 85.8, 6.6, 3.3, 2.4 and 1.9 per cent, respectively (Fig. 9).

Figure 9: Sources of Federal Government Retained Revenue

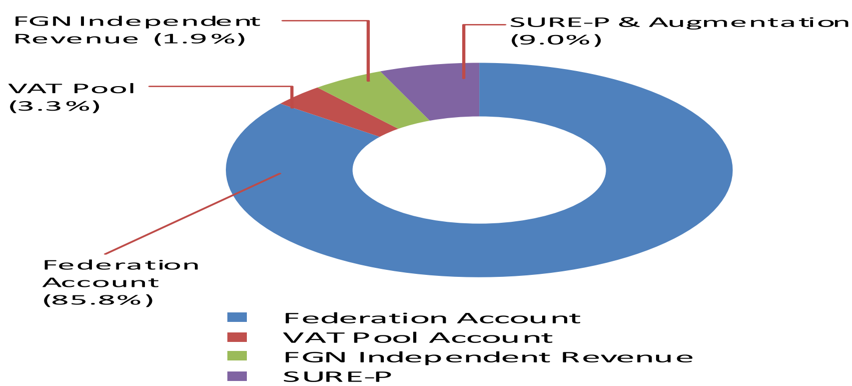


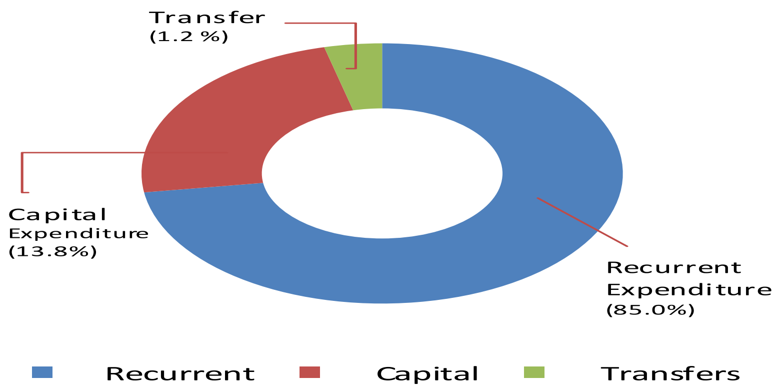
Table 9: Federal Government Fiscal Operations (₦ billion)

	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12
Retained Revenue	282.6	285.1	233.6	287.0	251.2	429.1	340.2	262.9	248.9	254.9	243.2	246.6	246.7
Expenditure	326.0	458.2	350.0	179.2	355.8	419.7	304.7	378.6	379.8	372.1	376.2	390.4	417.6
Overall Balance: (+)/(-)	-43.5	173.1	-116.4	107.8	-104.6	9.4	35.5	-115.7	-130.9	-117.1	-132.9	-143.8	-170.9

At ₦417.55 billion, total estimated expenditure for October 2012 was higher than the level in the preceding month by 6.9 per cent, but lower than the monthly budget estimate by 2.0 per cent. A breakdown of the total expenditure showed that recurrent expenditure accounted for 85.0 per cent, while the capital expenditure and transfer components accounted for the balance of 13.8 and 1.2 per cent, respectively. Non-debt obligations accounted for 80.1 per cent of the total recurrent expenditure, while debt service payments accounted for the balance of 19.9 per cent (Fig. 10).

Total estimated expenditure for October 2012 rose above the level in the preceding month but fell below the monthly budget estimate.

Figure 10: Federal Government Expenditure



Thus, the fiscal operations of the Federal Government in October 2012, resulted in an estimated deficit of ₦170.87 billion, compared with the monthly budgeted estimate of ₦94.68 billion deficit.

The fiscal operations of the FG resulted in an estimated deficit of ₦170.87 billion in October 2012.

3.2.2 Statutory Allocations to State Governments

Total receipts by state governments, including the share of VAT and the Federation Account stood at ₦204.03 billion in October 2012. This was higher than the levels in the preceding month by 0.2 per cent, but was lower than the corresponding period of 2011 by 10.9 per cent.

The breakdown showed that, at ₦27.04 billion, receipt from the VAT Pool Account was lower than the levels in the preceding month and the corresponding period of 2011 by 6.8 and 7.2 per cent, respectively. At ₦176.99 billion, state governments' receipt from the Federation Account rose above the level in the preceding month by 1.4 per cent, but was lower than the level in the corresponding month of 2011 by 11.5 per cent.

3.2.3 Statutory Allocations to Local Government Councils

Total receipts by the local governments from the Federation and VAT Pool Accounts during the month of October 2012, stood at ₦113.32 billion. This was lower than the levels in the preceding month and the corresponding period of 2011 by 1.5 and 11.6 per cent, respectively. Of this amount, receipts from the Federation Account was ₦94.39 billion (83.3 per cent of the total), while the VAT Pool Account accounted for ₦18.93 billion (16.7 per cent of the total).

4.0 Domestic Economic Conditions

The agricultural sector experienced mixed development in October 2012. Crude oil production was estimated at 2.0 million barrels per day (mbd) or 62.0 million barrels during the month. The end-period inflation rate on a year-on-year basis, was 11.7 per cent, 0.4 percentage point above the level in the preceding month. The inflation rate on a 12-month moving average basis was 11.9 per cent, same as in the preceding month.

4.1 Agricultural Sector

Available data indicated that the agricultural sector experienced mixed developments. The flood water that ravaged farmlands in the previous months receded, thereby necessitating evaluation of losses of crops and livestock. The outcome of the evaluation revealed that 31.0, 17.0, 14.0, 8.0 and 5.0 per cent of average annual yields of rice, yam, cassava, soya beans and sorghum, respectively, were lost to flood. However, during the review month, rainfall was evenly distributed across the country.

A total of ₦1,177.1 million was guaranteed to 4,993 farmers under the Agricultural Credit Guarantee Scheme (ACGS). This represented an increase of 13.9 per cent above the level guaranteed in the preceding month, but a decline of 37.3 per cent below the loans guaranteed in the corresponding period of 2011. A sub-sectoral analysis of the loans guaranteed indicated that the food crop sub-sector had the largest share of ₦741.9 million (63.0 per cent) guaranteed to 3,157 beneficiaries, mixed crops received ₦271.4 million (23.0 per cent) guaranteed to 1,225 beneficiaries, livestock sub-sector received ₦106.7 million (9.1 per cent) for 383 beneficiaries, cash crops sub-sector had ₦32.2 million (2.7 per cent) for 117 beneficiaries. "Others" received ₦13.6 million (1.2 per cent) for 86 beneficiaries, while fisheries sub-sector received ₦11.3 million (1.0 per cent) guaranteed to 25 beneficiaries.

At end-October 2012, the total amount released by the CBN under the CACS to the participating banks stood at ₦ 198.89 billion.

Analysis by state showed that 30 states benefited from the Scheme during the review month, with the highest and lowest sums of ₦258.7 million (21.9 per cent) guaranteed to Gombe, while Nasarawa and Kogi states were tied with the lowest sum of ₦1.0 million (0.08 per cent).

At end-October 2012, the total amount released by the CBN under the Commercial Agriculture Credit Scheme (CACS) to the participating banks for disbursement stood at ₦198.89 billion for two hundred and sixty six (266) projects/promoters (Table 10).

Table 10: Disbursement of Credit under the Commercial Agriculture Credit Scheme (CACS) October 2012.

S/N	Participating Banks	Amount Disbursed (₦ billion)	Number of Projects
1	United Bank for Africa (UBA) Plc	41.76	35
2	Zenith Bank Plc	26.96	18
3	First Bank	22.31	62
4	Unity Bank Plc	19.51	21
5	Union Bank Plc	18.07	21
6	Stanbic IBTC Bank	11.74	23
7	Access Bank Plc	10.33	11
8	Skye Bank	9.22	7
9	Fidelity Bank Plc	8.58	8
10	Sterling Bank Plc	6.96	12
11	GTB Bank Plc	5.80	9
12	FCMB	4.79	8
13	Eco Bank	3.80	7
14	Citibank	3.00	2
15	Diamond Bank Plc	2.74	12
16	Mainstreet Bank	2.00	1
17	Wema Bank	0.74	5
18	Enterprise Bank	0.38	3
19	Keystone Bank	0.20	1
	TOTAL	**198.89**	**266**

4.2 Petroleum Sector

Crude oil and natural gas production was estimated at an average of 2.0 million barrels per day.

Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at an average of 2.00 million barrels per day (mbd) or 62.0 million barrels for the month. This was 0.26 mbd or 11.5 per cent below the average of 2.26 mbd or 67.8 million barrels produced in the preceding month. The development was attributed to fire outbreaks on oil installations in the Niger Delta region as a result of pipe line vandalisation, oil theft and production losses due to flood in Bayelsa state.

Crude oil export was estimated at 1.55 mbd or 48.05 million barrels for the month. This represented a decrease of 14.4 per cent when compared with the 1.81 mbd or 54.3 million barrels recorded in the preceding month. Deliveries to the refineries for domestic consumption stood at 0.45 mbd or 13.95 million barrels during the month under review.

At an estimated average of US$114.24 per barrel, the price of Nigeria's reference crude, the Bonny Light (37° API), rose by 2.9 per cent, compared with the level in the preceding month. The increase in price was attributed to the rising political tensions between Turkey and Syria which heightened concerns of supply disruptions in the Middle East. The average prices of other competing crudes, namely the U.K Brent and Forcados, at US$110.14 and US$112.08 per barrel, respectively, also exhibited similar trend as the Bonny Light. The price of West Texas Intermediate (WTI), however, declined to US$87.73.

The average price of Nigeria's reference crude the Bonny Light rose by 2.9 per cent above the level in the preceding month to US$114.24 per barrel.

The average price of the OPEC's basket of eleven crude streams increased by 2.0 per cent to US$108.86 per barrel above the level recorded in the preceding month (Fig. 11, Table 11).

Figure11: Trends in Crude Oil Prices

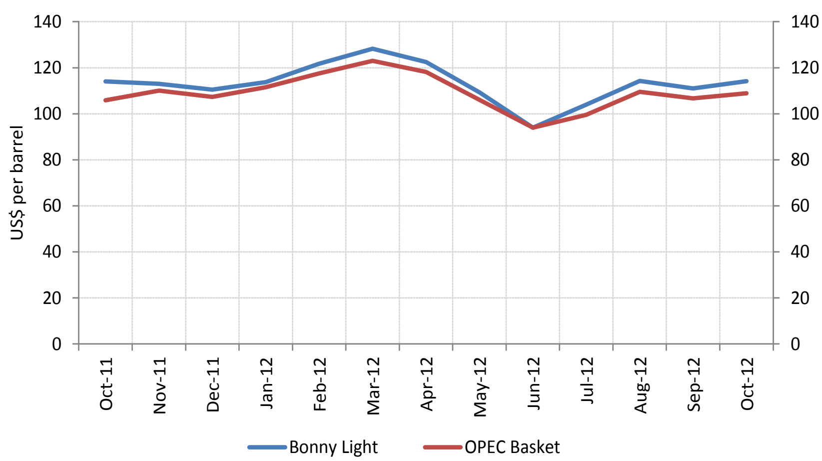


Table 11: Average Crude Oil Prices in the International Oil Market

	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12
Bonny Light	114.05	114.05	110.45	113.69	121.71	128.29	122.45	109.32	93.94	103.99	114.24	111.00	114.20
OPEC Basket	105.87	105.87	107.34	111.49	117.48	122.97	118.18	106.08	93.98	99.55	109.52	106..7	108.90

4.3 Consumer Prices

Available data showed that the all-items composite Consumer Price Index (CPI) was 139.2 (November 2009=100), representing

The general price level rose in October relative to September 2012, owing to the increase in the price indices of food and non-alcoholic beverages, among others.

The year-on-year headline inflation rate rose by 0.4 percentage point above the level in the preceding month.

an increase of 0.9 per cent over the level in the preceding month. The development was attributed to the rise in the price of food and non-alcoholic beverages, housing, water, electricity, gas and other fuel, clothing and footwear, and transport.

The urban all-items CPI at end-October was 138.2 (November 2009=100), indicating an increase of 0.8 per cent over the level in the preceding month. The rural all-items CPI for the month, was 140.2 (November 2009=100), showing an increase of 0.9 per cent above the preceding month's level (Fig. 12, Table 11).

Headline inflation rate, on a year-on-year basis, was 11.7 per cent, indicating an increase of 0.4 percentage point above 11.3 per cent recorded in the preceding month. The inflation rate on a twelve-month moving average basis stood at 11.9 per cent in the month under reviews same in the preceding month (Fig. 13, Table 12).

The composite food index for the month was 138.8, indicating a month- on- month increase of 0.9 per cent. The development was accounted for by the increase in the prices of farm produce (yam, potatoes, and other tubers, vegetables, rice, millet, maize, sorghum and fruits) and processed food.

Figure12: Consumer Price Index

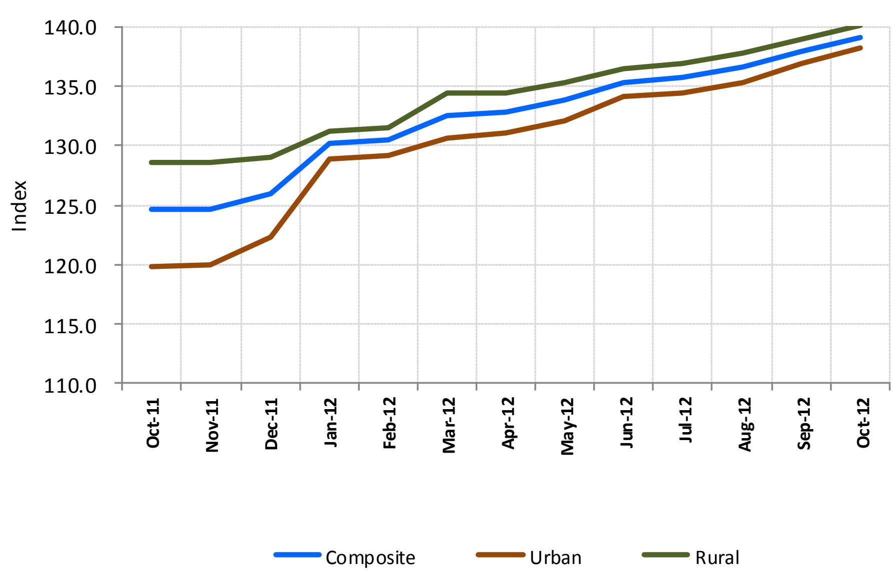


Table 12: Consumer Price Index (November 2009=100)

	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12
Composite	124.6	124.7	126.0	130.2	130.5	132.6	132.8	133.8	135.3	135.7	136.6	138.0	139.2
Urban	119.9	120.0	122.3	128.9	129.2	130.7	131.1	132.1	134.1	134.5	135.4	137.0	138.2
Rural	128.6	128.6	129.0	131.3	131.6	134.4	134.4	135.4	136.5	136.9	137.8	139.0	140.2
CPI - Food	125.0	125.4	128.1	129.3	129.1	132.1	132.3	133.9	134.5	135.0	135.9	137.5	138.8
CPI - Non Food	124.8	124.6	124.8	129.1	129.3	135.1	135.2	136.7	138.0	138.1	139.0	139.7	140.3

Figure13: Inflation Rate

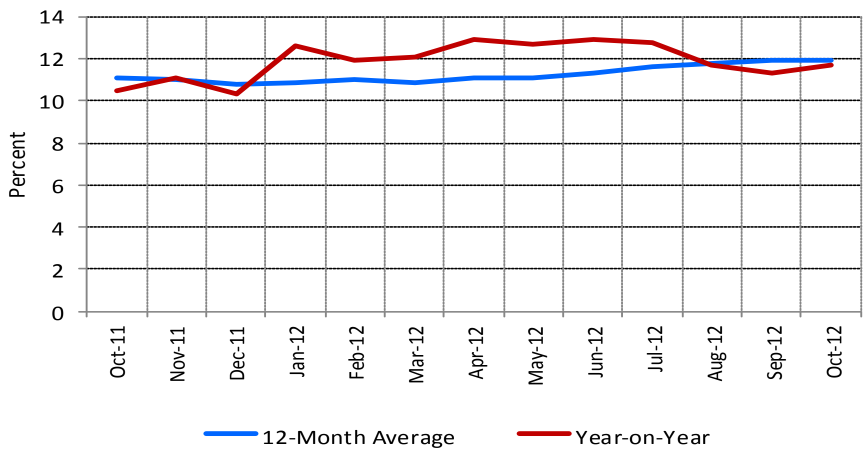


Table 13: Headline Inflation Rate (%)

	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12
12-Month Average	11.1	11.0	10.8	10.9	11.0	10.9	11.1	11.1	11.3	11.6	11.8	11.9	11.9
Year-on-Year	10.5	11.1	10.3	12.6	11.9	12.1	12.9	12.7	12.9	12.8	11.7	11.3	11.7

5.0 External Sector Developments

Provisional data indicated that foreign exchange inflow through the CBN rose by 2.8 per cent above the level in the preceding month, while outflow fell by 22.7 per cent. Total non-oil export receipts by banks rose by 164.0 per cent above the level in the preceding month. The gross external reserves increased by 3.9 per cent, compared with the preceding month's level. The average exchanges rate of the Naira vis-à-vis the US dollar, appreciated by 0.02 per cent to ₦157.32 per US dollar at the Wholesale Dutch Auction System (wDAS).

5.1 Foreign Exchange Flows

Foreign exchange inflow through the CBN rose by 2.9 per cent, while outflow declined by 22.7 per cent in October 2012.

Foreign exchange inflow and outflow through the CBN in the month of October 2012 was US$3.45 billion and US$1.76 billion, respectively, resulting in a net inflow of US$1.69 billion, compared with the net inflow of US$1.08 billion recorded in September 2012. Relative to the level in the preceding month, inflow rose by 2.8 per cent, but was 29.7 per cent below the level in the corresponding period of 2011. The development was accounted for by the increase in receipts from the oil component. Conversely, outflow through the CBN fell by 22.7 and 67.1 per cent below the levels in the preceding month and the corresponding period of 2011, respectively. The development relative to the preceding month was attributed to the 24.5 per cent decline in wDAS utilization. A breakdown of the total wDAS utilization showed that wDAS sales accounted for the bulk (72.8 per cent), cash sales to Bureau-de-Change (BDC) operators (27.0 per cent) and Swaps (0.2 per cent). There were no interbank sales and wDAS-forward contract disbursements in the review month (Fig. 14, Table 14).

Figure14: Foreign Exchange Flows through the CBN

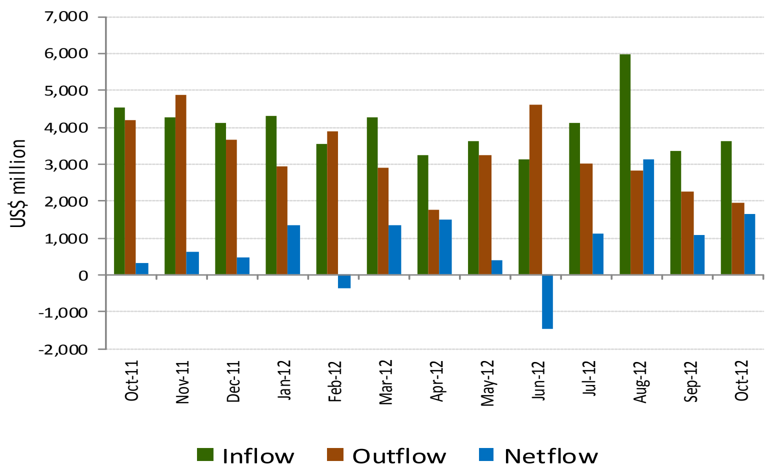


Table 14: Foreign Exchange Flows through the CBN (US$ million)

	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12
Inflow	4523.1	4265.0	4132.3	4307.0	3546.2	4266.6	3242.9	3627.1	3151.0	4132.1	5981.0	3358.6	3451.3
Outflow	4184.3	4880.3	3667.1	2945.8	3902.3	2912.4	1754.9	3239.7	4600.2	3006.6	2840.2	2277.4	1761.7
Netflow	**338.8**	**624.3**	**465.2**	**1361.2**	**-356.1**	**1354.2**	**1488.0**	**387.4**	**-1449.3**	**1125.5**	**3140.8**	**1069.6**	**1647.5**

Provisional data on aggregate foreign exchange flows through the economy indicated that total inflow was US$11.27 billion, representing an increase of 13.3 and 24.7 per cent above the levels at the end of the preceding month and the corresponding month of 2011, respectively. The increase in inflow was driven mainly by crude oil exports receipts which rose by 7.7 per cent. Inflow through the CBN accounted for 30.6 per cent of the total, while inflow from autonomous sources accounted for the balance of 69.4 per cent.

Non-oil public sector inflow into the economy decline by 37.6 per cent and accounted for2.0 per cent of the total inflow in October 2012.

At US$3.22 billion, oil sector receipts increased by 7.7 per cent above the level in the preceding month and accounted for 28.6 per cent of the total inflow. On a month–on–month basis, non-oil public sector inflow, at US$0.23 billion, declined by 37.6 per cent and accounted for 2.0 per cent of the total, while autonomous inflow, at US$7.8 billion, rose by 18.7 per cent and, accounted for 69.4 per cent of the total.

At US$1.9 billion, aggregate foreign exchange outflow from the economy fell by 24.5 per cent below the level in the preceding month. Thus, foreign exchange flows through the economy resulted in a net inflow of US$9.35 billion in the review month, compared with US$7.40 billion and US$3.57 billion in the preceding month and the corresponding month of 2011, respectively. The development reflected, largely, the 24.5 per cent decline in the wDAS utilization of foreign exchange, during the month.

5.2 Non-Oil Export Earnings by Exporters

Total non-oil exports earnings, at US$398.33 million, increased by 164.0 per cent relative to the level at the end of proceeding month but declined by 29.8 per cent below the level in the corresponding period of 2011. The development reflected, largely, the increase in receipts in respect of food, agriculture, industrial and manufactured products sub-sectors. A breakdown of receipts showed that proceeds of agricultural, industrial, manufactured, minerals, food and transport sub-sectors stood at US$140.1 million, US$139.7 million, US$80.7 million, US$31.5 million, US$6.4 million, and US$0.1 million, respectively.

Total non-oil export earnings rose on account of increase in the earnings from food, agriculture, industrial and manufactured products sub-sectors.

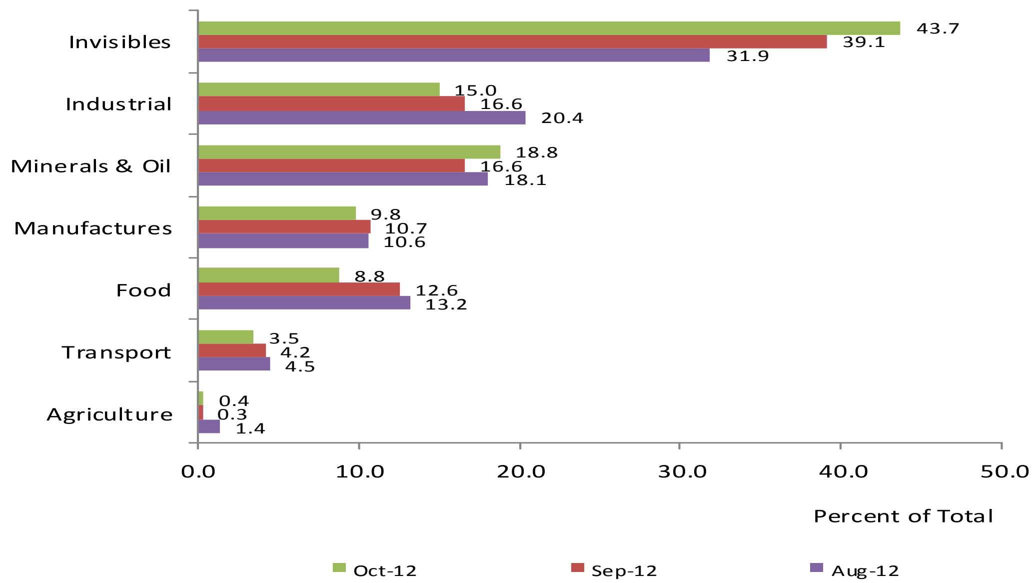
The shares of agricultural, industrial, manufactured, minerals, food and transport sub-sectors in non-oil export proceeds were 35.2, 35.1, 20.3, 7.9, 1.6 and 0.02 per cent, respectively.

5.3 Sectoral Utilisation of Foreign Exchange

The invisible sector accounted for the bulk (43.7 per cent) of total foreign exchange disbursed in October 2012, followed by minerals and oil sector (18.8 per cent). Other beneficiary sectors, in descending order included: industrial sector (15.0 per cent), manufactured product (9.8 per cent), food products (8.8 per cent), transport (3.5 per cent) and agricultural products (0.4 per cent) (Fig.15).

The invisible sector accounted for the bulk of the total foreign exchange disbursed in October 2012.

Figure15: Sectoral Utilisation of Foreign Exchange



5.4 Foreign Exchange Market Developments

Demand for foreign exchange by authorized dealers fell by 21.7 and 73.9 per cent below the levels in the preceding month and the corresponding month of 2011, respectively.

Aggregate demand for foreign exchange by authorized dealers under the Wholesale Dutch Auction System (wDAS), Bureau-de-change (BDC) and wDAS-forward contract was US$1.50 billion in October 2012, showing a decline of 21.8 and 73.8 per cent below the levels in the preceding month and the corresponding month of 2011, respectively. The reduced pressure in the market relative to the preceding month was attributed to the increase in supply of foreign exchange by the Nigerian National Petroleum Commission (NNPC) and major oil companies to the interbank foreign exchange market. A total of US$1.44 billion was sold by the CBN to authorized dealers, reflecting a decline of 24.6 and 64.1 per cent below the levels in the preceding month and the corresponding period of 2011, respectively (Fig.16, Table 15).

Figure16: Demand for and Supply of Foreign Exchange

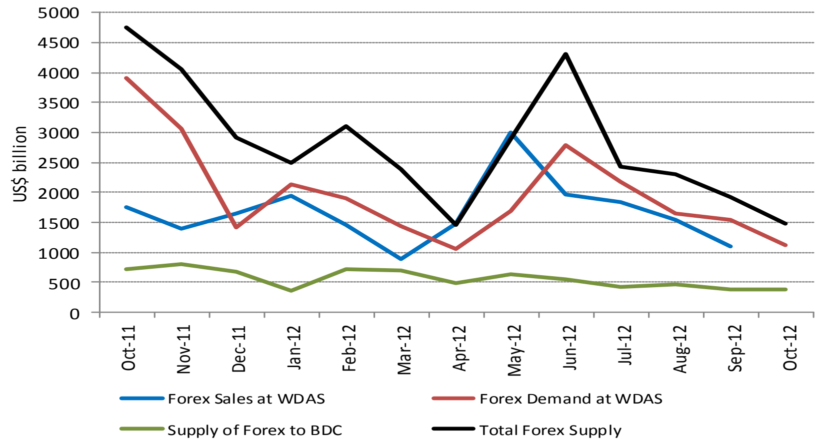


Table 15: Demand for and Supply of Foreign Exchange (US$ billion)

	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	Jan-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12
Forex Sales at WDAS	2607.0	1749.6	1397.9	1640.7	1942.2	1452.8	891.5	1487.0	3000.0	1961.7	1843.6	1539.4	1051.6
Forex Demand at WDAS	3900.0	3054.4	1415.3	2133.0	1892.0	1426.5	1052.9	1681.3	2777.6	2166.3	1646.4	1549.2	1112.9
Supply of Forex to BDC	716.8	795.4	675.7	365.7	720.6	698.2	492.8	633.8	544.8	419.5	457.7	370.2	389.9
Total Forex Supply	3923.0	4056.3	3151.5	2492.6	3101.5	2387.9	1451.3	2895.0	4317.2	2428.2	2301.3	1912.3	1443.6

Under the wDAS, the average exchange rate of the Naira vis-à-vis the US dollar, appreciated marginally by 0.01 per cent, to ₦157.32 per US dollar, compared with the level in the preceding month. It, also, appreciated at both the interbank and BDC segments of the market by 0.3 and 0.5 per cent to ₦157.26 and ₦159.00 per US dollar, respectively.

The Naira exchange rate vis-à-vis the US dollar, on average, appreciated at the three segments of the market in October 2012.

Consequently, the premium between the wDAS and bureau-de-change rates narrowed to 1.1 per cent from 1.6 per cent in the preceding month. It also narrowed at the interbank market to 0.04 per cent from 0.3 per cent in the preceding month.

Figure 17: Average Exchange Rate Movement

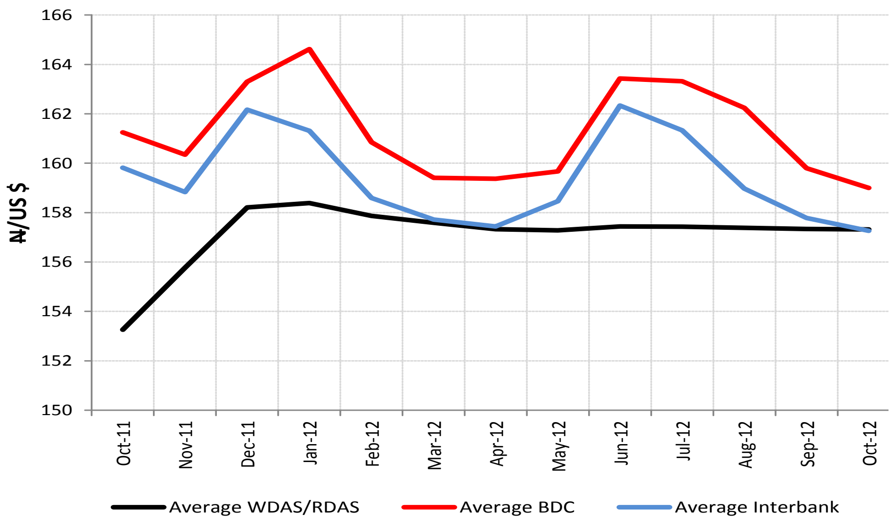
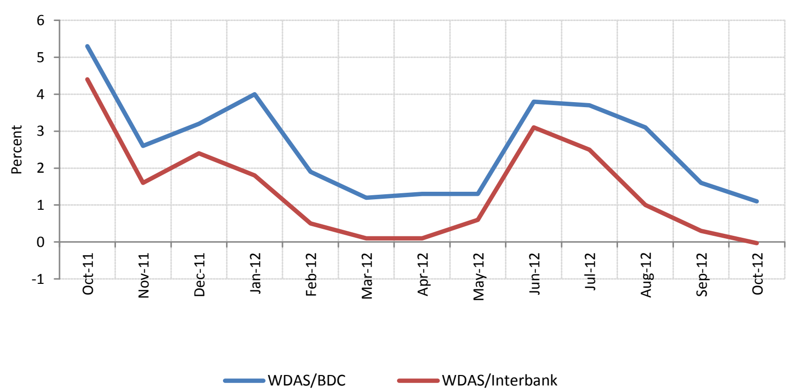


Table 16: Exchange Rate Movements and Exchange Rate Premium

	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12
Average Exchange Rate (₦/$)													
WDAS/RDAS	153.3	155.8	158.2	158.4	157.9	157.6	157.3	157.3	157.4	157.4	157.4	157.3	157.3
BDC	161.2	160.4	163.4	164.7	160.9	159.4	159.4	159.7	163.4	163.3	162.2	159.8	159.0
Interbank	159.8	158.8	162.2	161.3	158.6	157.7	157.4	158.5	162.3	161.3	159.0	157.8	157.3
Premium (%)													
WDAS/BDC	1.9	2.6	3.2	4.0	1.9	1.2	1.3	1.3	3.8	3.7	3.1	1.6	1.1
WDAS/Interbank	0.4	0.7	0.9	1.6	2.6	0.4	0.1	0.6	3.1	2.5	1.0	0.3	-0.030

Figure18: Exchange Rate Premium



5.5 Gross External Reserves

The gross external reserves at the end of October 2012 stood at US$42.23 billion, indicating an increase of 3.9 and 29.5 per cent above the levels in the preceding month and the corresponding period of 2011, respectively. A breakdown of the reserves showed that the Federation Account portion (Excess Crude) was US$9.83 billion (23.3 per cent); Federal Government holding, US$3.35 billion (7.9 per cent) and CBN reserves, US$29.05 billion (68.8 per cent), (Fig. 19, Table 17).

Gross external reserves increased in October 2012.

Figure 19: Gross External Reserves

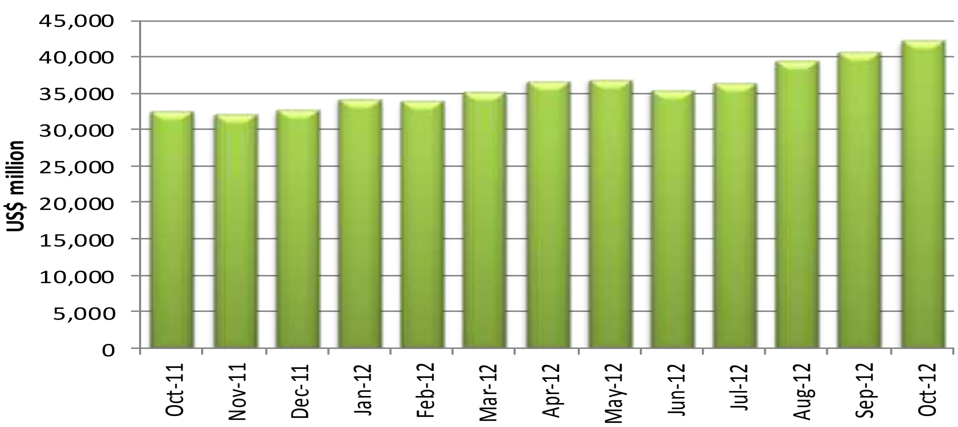


Table 17: Gross External Reserves (US$ million)

Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12
32,594.69	32,125.22	32,639.78	34,136.57	33,857.37	35,190.79	36,660.89	36,839.53	35,412.50	36,285.32	39,509.81	40,636.76	42,228.69

6.0 Other International Economic Developments and Meetings

World crude oil output in October 2012 stood at 90.47 million barrels per day (mbd), while demand was 88.54 million barrels per day (mbd), compared with 90.09 and 89.61 mbd supplied and demanded, respectively, in the preceding month.

Other major international economic developments and meetings of relevance to the domestic economy during the month included: the 2012 Annual Meetings of the Board of Governors of the World Bank Group and the International Monetary Fund (IMF) held in Tokyo, Japan from October 9 – 14, 2012. The meeting was preceded by the meetings of the Ministers of the Inter-governmental Group of 24 (G-24), the International Monetary and Finance Committee and the Development Committee. The Committees discussed issues relating to the global financial and economic situation, role and reform of the international financial institutions (IFIs), development finance, infrastructure, quota and governance reforms, amongst others. The major highlights of the meetings were:

- The G-24 Ministers expressed concern about the fragility of the global economic and financial environment, particularly the low growth and continued uncertainties and risks within the Euro area.
- The IMFC welcomed the strengthening of the IMF's surveillance framework through the adoption of a new Integrated Surveillance Decision, a Financial Surveillance Strategy as well as the launch of a pilot External Sector Report.
- The Development Committee urged the World Bank Group (WBG) to continue to assist countries to strengthen the enabling environment for job creation, noting the roles of the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency in supporting the private sector, including through innovative initiatives.

Also, a meeting of experts to validate the statute and annexes of the African Monetary Fund (AMF) was convened by the African Union Commission (AUC) in Yaoundé, Cameroon from

October 10 - 13, 2012. The experts reviewed, amended and approved all Articles except the Article 7, Section 1 (1), (2) & (3) on Capital and amendment to Article 12 Section 2 on the composition of the Board of Directors. The meeting also amended Article 12, Section 2 to include permanent membership on the Board of Directors of AMF.

The 5th West African Monetary Zone (WAMZ) Trade Ministers' Forum was held from October 9 - 12, 2012 in Accra, Ghana. The following were the major decisions from the Forum:

- The West African Monetary Institute (WAMI) initiated the idea of drafting a project proposal on capacity development for the WAMZ member states and would seek funding for it on behalf of the member states.
- Member states should endeavour to provide necessary logistics such as scanners, weigh bridges, tracking systems for consignments of goods in transits and more automation for trade facilitation;
- Member states should also develop trade capacities in relevant institutions, such as universities, economic management training institutes; and
- Member states should seek sanctions as the last resort.

In another development, the 12th International Economic Forum organized by the Organisation for Economic Cooperation and Development (OECD) Conference Centre, in collaboration with the African Development Bank (AfDB), the UN Economic Commission for Africa, the UN Development Programme, and the French Ministry of Economy and Finance took place on October 4, 2012 in Paris with more than 500 participants from European and African policymakers, economists and academicians. The objective was to seek ways of finding employment for the millions of youths that are ready to enter the work force across the continent. The participants discussed issues such as:

- How to boost the agricultural sector in order to fill the unemployment gap;

- The lack of trained workers and overall lack of interest from the work force which made it difficult to modernise the agricultural sector in Africa; and

- The June 2013 edition of Economic Perspectives in Africa, which will focus on structural transformation and the management of natural resources.

Finally, the International Monetary Fund launched its Regional Economic Outlook for Africa during the IMF and World Bank Annual Meetings in Tokyo, Japan in October 2012. The Outlook revealed that:

- Growth in sub-Saharan Africa had remained generally robust against the backdrop of a sluggish global economy;

- Regional output was projected to expand by at least 5.0 per cent in 2012–13, a similar pace to that recorded in 2010–11;

- There was significant variation across the region, with solid expansion being recorded in most low-income countries, but growth slowing in middle-income countries that were tracking the global economy and in some countries affected by drought and political instability;

- The near-term outlook for the global economy had deteriorated over the past six months, with economic recovery in the advanced economies suffering from new setbacks and heightened uncertainties;

- Economic Outlook for Africa, with growth in 2013 now projected at 3.6 per cent, down from 4.1 per cent;

- Sub-Saharan Africa had been maintaining relatively strong growth, and was on track to post growth of about 5.3 per cent a year in 2012–13, a similar pace to that recorded in 2010–11; and

- Inflation in the region has been slowing during 2012, as food/fuel price inflation eases following a surge during 2011; the containment of inflation has been most marked in East Africa, where sharp monetary tightening was needed to reverse the 2011 price spikes.

APPENDIX TABLES

Table A1: Money and Credit Aggregates

	Apr 12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12
Domestic Credit (Net)	13,407.4	13,251.7	13,313.1	13,098.8	13,163.4	13,371.3	13,210.3
Claims on Federal Government (Net)	(785.2)	(1,220.9)	(1,380.5)	(1,746.6)	(1,721.5)	1,484.8	1,591.4
Central Bank (Net)	(3,494.5)	(3,998.6)	(3,969.9)	(4,097.3)	(3,731.1)	(549.9)	(817.7)
Banks	2,709.3	2,772.7	2,584.5	2,345.8	2,004.5	2,029.6	2,404.0
Non Interest Banks		-	4,912.5	4,912.5	5,128.4	5,128.4	5,128.4
Claims on Private Sector	14,192.6	14,472.6	14,693.6	14,845.4	14,884.8	14,935.3	15,127.0
Central Bank	4,642.4	4,730.6	4,645.2	4,610.2	4,625.7	4,659.5	4,805.8
Banks	9,550.2	4,742.0	10,048.4	10,234.8	10,258.7	10,274.9	10,320.3
Non Interest Banks			1.5	0.4	0.4	852.7	876.6
Claims on Other Private Secto	13,640.5	13,900.5	14,107.3	14,253.0	14,304.2	14,336.2	14,511.7
Central Bank	4,642.4	4,730.6	4,645.2	4,610.2	4,625.7	4,659.5	4,805.8
Banks	8,998.2	9,169.8	9,462.1	9,642.4	9,678.1	9,675.9	9,705.1
Non Interest Banks		-	-	0.4	0.4	852.7	876.6
Claims on State and Local Go	552.1	572.1	586.3	592.4	580.6	599.3	615.2
Central Bank		-	-	-	-	-	-
Banks	552.1	572.1	586.3	592.4	580.6	599.3	615.2
Non Interest Banks		-	-	-	-	-	-
Claims on Non-financial Public Enterprises							
Central Bank							
Banks							
Foreign Assets (Net)	7,692.1	7,984.8	7,525.2	7,815.1	8,069.2	8,267.4	8,762.9
Central Bank	6,102.7	6,290.6	6,028.3	6,301.3	6,286.8	6,388.6	6,915.0
Banks	1,589.4	1,694.2	1,496.9	1,513.8	1,782.3	1,878.9	1,846.0
Non Interest Banks		-	-	-	-	0.8	2.4
Other Assets (Net)	(7,794.7)	(7,633.3)	(7,354.9)	(7,522.5)	(7,463.5)	(7,574.4)	(7,575.0)
Total Monetary Assets (M2)	13,304.8	13,601.1	13,483.4	13,391.4	13,769.0	14,064.2	14,398.2
Quasi-Money 1/	6,636.0	7,068.6	6,883.7	6,988.6	7,525.7	7,672.8	7,857.2
Money Supply (M1)	6,668.8	6,534.5	6,599.7	6,402.7	6,243.3	6,391.4	6,541.0
Currency Outside Banks	1,111.1	1,121.6	1,088.3	1,076.8	1,080.8	1,070.2	1,153.5
Demand Deposits 2/	5,557.7	5,412.9	5,511.4	5,325.9	5,162.5	5,321.2	5,387.5
Total Monetary Liabilities (M2)	13,304.8	13,603.1	13,483.4	13,391.4	13,769.0	14,064.2	14,398.2
Memorandum Items:							
Reserve Money (RM)	2,589.5	2,506.7	2,512.5	2,895.3	3,051.7	3,117.1	3,039.2
Currency in Circulation (CIC)	1,422.4	1,399.0	1,363.7	1,362.6	1,368.2	1,348.8	1,458.2
DMBs Demand Deposit with CBN	1,167.1	1,107.7	1,148.7	1,532.7	1,683.5	1,768.3	1,580.9

1/ Quasi-money consist of Time, Savings and Foreign Currency Deposit at Deposit Money Banks excluding Takings from Discount Houses.
2/ Demand Deposits consists 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)

	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12
	Growth over Preceding December(%)								
Domestic Credit (Net)	-1.6	-0.1	-2.0	-3.2	-2.7	-4.3	-3.8	-2.3	-3.5
Claims on Federal Government (Net)	-8.3	11.3	-58.0	-145.7	-177.9	-251.5	-246.5	-45.8	-41.9
Claims on Private Sector	-1.2	-0.4	0.1	2.0	3.6	4.7	4.9	5.3	6.7
Claims on Other Private Sector	-1.2	-0.6	-0.2	1.7	3.2	4.3	4.6	4.9	6.2
Claims on State and Local Government	-1.0	4.9	7.6	11.5	14.2	15.4	13.1	16.7	19.9
Claims on Non-financial Public Enterprises									
Foreign Assets (Net)	1.3	2.4	7.8	11.9	5.4	9.5	13.0	15.8	22.8
Other Assets (Net)	-0.3	-2.6	-3.6	-1.5	2.2	0.0	0.8	-0.7	-0.7
Total Monetary Assets (M2)	-1.1	-0.2	0.0	2.3	1.4	0.7	3.5	5.7	8.2
Quasi-Money 1/	3.1	3.3	1.6	8.2	5.4	7.0	15.2	17.5	20.3
Money Supply (M1)	-5.2	-3.7	-1.5	-3.5	-2.5	-5.5	-7.8	-5.6	-3.4
Currency Outside Banks	-13.1	-8.3	-10.8	-9.9	-12.6	-13.5	-13.2	-14.1	-7.4
Demand Deposits 2/	-3.4	-2.6	0.6	-2.1	-0.3	-3.6	-6.6	-3.7	-2.5
Total Monetary Liabilities (M2)	-1.1	-0.2	0.0	2.3	1.4	0.7	3.5	5.7	8.2
Memorandum Items:									
Reserve Money (RM)	-0.9	-9.2	-7.0	-10.0	-7.0	4.0	9.6	12.0	9.2
Currency in Circulation (CIC)	-8.1	-8.5	-9.2	-10.7	-12.9	-13.0	-12.6	-13.9	-6.9
DMBs Demand Deposit with CBN	8.5	-10.1	-4.2	-9.1	-5.7	25.8	38.2	-3.7	-2.5
	Growth over Preceding Month (%)								
Domestic Credit (Net)	-3.5	1.6	-2.0	-1.2	0.5	-1.6	0.5	1.6	-1.2
Claims on Federal Government (Net)	20.3	18.6	-78.1	-55.5	-13.1	26.5	-1.4	13.1	7.2
Claims on Private Sector	-4.3	0.8	0.5	2.0	1.5	1.0	0.3	0.3	1.3
Claims on Other Private Sector	-4.5	0.6	0.4	1.9	1.5	1.0	0.4	0.2	1.2
Claims on State and Local Government	2.8	5.9	2.6	3.6	2.5	1.0	-2.0	3.2	2.7
Claims on Non-financial Public Enterprises									
Foreign Assets (Net)	-2.5	1.0	5.3	3.8	-5.8	3.9	3.3	2.5	6.0
Central Bank	-5.6	2.7	6.0	3.1	-4.2	4.5	-0.2	1.6	8.2
Banks	10.0	-4.7	2.5	6.6	-11.6	1.1	17.7	5.4	-1.7
Other Assets (Net)	0.9	-2.2	-1.0	2.1	3.7	-2.3	-0.8	-1.5	-0.01
Total Monetary Assets (M2)	-4.4	0.9	0.3	2.2	-0.9	-0.7	2.8	-2.3	2.4
Quasi-Money 1/	-2.8	0.2	-1.7	6.5	-2.6	1.5	7.7	2.0	2.4
Money Supply (M1)	-6.0	1.6	2.2	-2.0	1.0	-3.0	-2.5	2.4	2.3
Currency Outside Banks	-1.1	5.5	-2.7	0.9	-3.0	-1.1	0.4	-1.0	7.8
Demand Deposits 2/	-6.9	0.8	3.3	-2.6	1.8	-3.4	-3.1	3.1	1.2
Total Monetary Liabilities (M2)	-4.4	0.9	0.3	2.2	-0.9	-0.7	2.8	-2.3	2.4
Memorandum I ems:									
Reserve Money (RM)	2.6	-8.4	2.5	-3.2	3.3	15.2	5.4	12.0	-2.5
Currency in Circulation (CIC)	-2.5	-0.4	-0.7	-1.7	-2.5	-0.1	0.4	-1.4	8.1
DMBs Demand Deposit with CBN	9.0	-17.2	6.6	-5.1	3.7	33.4	9.8	3.1	1.2

Table A3: Federal Government Fiscal Operations (N billion)

	Feb-12	Dec-31	Jan-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12
Retained Revenue	233.6	287.0	251.2	282.6	273.7	429.1	340.2	262.9	248.9	246.6	246.7
Federation Account	194.1	213.6	173.5	260.7	173.5	189.2	234.0	207.6	218.2	206.7	211.7
VAT Pool Account	7.5	8.2	7.7	8.8	7.7	8.7	8.9	8.6	7.6	8.7	8.1
FGN Independent Revenue	4.6	14.9	33.4	13.1	6.9	77.2	74.9	20.6	5.7	2.8	4.6
Excess Crude	0.0	0.0	0.0	0.0	0.0	34.4	0.0	0.0	0.0	0.0	0.0
Others	27.4	50.3	36.7	0.0	0.0	119.6	22.4	16.3	16.3	16.3	16.3
Expenditure	350.0	179.2	355.8	326.0	424.9	419.7	304.7	378.6	379.8	390.4	417.6
Recurrent	263.8	141.5	308.4	208.9	289.2	264.3	240.4	273.3	260.6	332.8	354.8
Capital	64.0	0.0	0.0	66.5	135.7	155.4	51.8	85.4	108.4	54.0	57.8
Transfers	22.2	37.7	47.4	20.5	20.6	20.2	20.2	18.5	18.9	3.7	5.0
Overall Balance: Surplus(+)/Deficit(-)	-116.4	107.8	-104.6	-43.5	151.2	9.4	33.5	-115.7	-130.9	-143.9	-132.9