



CENTRAL BANK OF NIGERIA

***ECONOMIC REPORT
MAY 2013***

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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Contents

1.0	Summary.....	1
2.0	Financial Sector Developments	5
2.1	Monetary and Credit Developments	5
2.2	Currency-in-circulation (CIC) and Deposits at the CBN.....	8
2.3	Money Market Developments	9
2.3.1	<i>Interest Rate Developments</i>	9
2.3.2	<i>Commercial Paper (CP)</i>	11
2.3.3	<i>Bankers' Acceptances (BAs)</i>	11
2.3.4	<i>Open Market Operations</i>	12
2.3.5	<i>Primary Market</i>	12
2.3.6	<i>Bonds Market</i>	12
2.3.7	<i>CBN Standing Facilities</i>	13
2.4	Deposit Money Banks' Activities.....	13
2.5	Discount Houses' Activities	14
2.6	Capital Market Developments	14
2.6.1	<i>Secondary Market</i>	14
2.6.2	<i>Over-the-Counter (OTC) Bonds Market</i>	15
2.6.3	<i>New Issues Market</i>	15
2.6.4	<i>Market Capitalization</i>	16
2.6.5	<i>NSE All-Share Index</i>	16
3.0	Fiscal Operations	19
3.1	Federation Account Operations.....	19
3.2	The Fiscal Operations of the Three Tiers of Government.....	22
3.2.1	<i>The Federal Government</i>	22
3.2.2	<i>Statutory Allocations to State Governments</i>	24
3.2.3	<i>Statutory Allocations to Local Government Councils</i>	24
4.0	Domestic Economic Condition	25
4.1	Agricultural Sector	25
4.2	Petroleum Sector	27
4.3	Consumer Prices	28

5.0	External Sector Developments	31
5.1	Foreign Exchange Flows	31
5.2	Non-Oil Export Earnings by Exporters.....	33
5.3	Sectoral Utilisation of Foreign Exchange	33
5.4	Foreign Exchange Market Developments	34
5.5	Gross External Reserves.....	37
6.0	Other International Economic Developments and Meetings	39

Text Tables

Table 1: Growth in Monetary and Credit Aggregates.....	8
Table 2: Selected Interest Rates	11
Table 3: Traded Securities on the Nigerian Stock Exchange.....	15
Table 4: New and Supplementary Listing on the NSE.....	16
Table 5: Market Capitalization and All Share Index	17
Table 6: Gross Federation Account Revenue	18
Table 7: Components of Gross Oil Revenue	19
Table 8: Components of Gross Non-Oil Revenue.....	20
Table 9: Federal Government Fiscal Operations.....	22
Table 10: Disbursement of Credit Under the Commercial Agriculture Credit Scheme (CACs)	25
Table 11: Average Crude Oil Prices in the International Oil Market.....	27
Table 12: Consumer Price Index.....	28
Table 13: Headline Inflation Rate	29
Table 14: Foreign Exchange Flows Through the CBN	31
Table 15: Demand for and Supply of Foreign Exchange	34
Table 16: Exchange Rate Movements and Exchange Rate Premium	35
Table 17: Gross External Reserves.....	36

Appendix Tables

Table A1: Money and Credit Aggregates.....	43
Table A2: Money and Credit Aggregates Growth Rates.....	44
Table A3: Federal Government Fiscal Operations	45

Figures

Figure 1: Growth Rate of Narrow Money (M_1) and Broad Money (M_2).....	6
Figure 2: Growth Rate of Net Domestic Credit to the Economy.....	7
Figure 3: Selected DMBs Interest Rates (Average).....	10
Figure 4: Volume and Value of Traded Securities	15
Figure 5: Market Capitalization and All-Share Index	16
Figure 6: Components of Gross Federally-Collected Revenue	19
Figure 7: Gross Oil Revenue and Its Components	20
Figure 8: Gross Non-Oil Revenue and Its Components.....	21
Figure 9: Federal Government Retained Revenue	22
Figure 10: Federal Government Expenditure.....	23
Figure 11: Trends in Crude Oil Prices.....	28
Figure 12: Consumer Price Index.....	29
Figure 13: Inflation Rate	30
Figure 14: Foreign Exchange Flows Through the CBN	32
Figure 15: Sectoral Utilisation of Foreign Exchange	34
Figure 16: Demand for and Supply of Foreign Exchange	35
Figure 17: Average Exchange Rate Movements	36
Figure 18: Exchange Rate Premium	36
Figure 19: Gross External Reserves	37

1.0 Summary

Growth in the key monetary aggregate contracted at the end of May 2013. On month-on-month basis, broad money (M_2) fell by 1.3 per cent, due largely to the 1.6 and 0.9 per cent fall in foreign assets (net) and domestic credit (net) of the banking system, respectively. Similarly, narrow money (M_1) fell by 0.3 per cent below the level at the end of the preceding month, due wholly to the 2.2 per cent decline in its currency component. Relative to the level at end-December 2012, M_2 contracted by 0.2 per cent, owing largely to the 17.5 per cent decline in other assets (net) of the banking system. Reserve money (RM) fell by 0.1 per cent below its level in the preceding month.

Available data indicated mixed developments in banks' deposit and lending rates in May 2013. The spread between the weighted average term deposit and maximum lending rates widened by 0.33 percentage points to 18.02 per cent in May, 2013 while the margin between the average savings deposit and maximum lending rates narrowed by 0.39 percentage point to 22.32 per cent at the end of the review month. The weighted average inter-bank call rate rose to 12.23 per cent from 11.24 per cent in the preceding month, reflecting the liquidity condition in the interbank funds market.

Provisional data indicated that the value of money market assets outstanding at end-May 2013 was ₦6,394.83 billion, indicating an increase of 1.6 per cent, compared with the increase of 1.9 per cent at end of the preceding month. The development was attributed to the 19.1 per cent increase in Bankers' Acceptances outstanding. Activities on the Nigerian Stock Exchange (NSE) were mixed during the review month.

Total federally-collected revenue in May 2013 was estimated at ₦826.36 billion. This was below the provisional monthly budget estimate by 12.6 per cent, but exceeded the receipt in the preceding month by 2.5 per cent. At ₦648.63 billion, oil receipts (gross), which constituted 78.5 per cent of the total revenue was above the provisional monthly budget estimate and the level in the preceding month by 0.6 and 4.5 per cent, respectively. The rise in oil receipts, relative to budget estimate, was attributed, largely, to the increase in receipts from PPT, Royalties, and domestic crude oil and gas sales in the review period.

Non-oil receipts (gross), at ₦177.73 billion (21.5 per cent of the total), was lower than both the provisional monthly budget estimate and the level in the preceding month by 40.8 and 4.2 per cent, respectively. The decline relative to the monthly budget estimate reflected, largely, the low receipts from Customs and Excise Duties, VAT and Education Tax Fund. Federal Government estimated retained revenue was ₦348.55 billion, while total estimated expenditure was ₦472.95 billion. Thus, the fiscal operations of the Federal Government resulted in an estimated deficit of ₦124.40 billion, compared with the provisional monthly budget deficit of ₦73.92 billion.

The predominant agricultural activities during the month of May 2013 were planting of root crops. In the livestock sub-sector, farmers were engaged in breeding and sanitization of poultry and cattle ranches as well as restocking of livestock. Crude oil production was estimated at 1.94 million barrels per day (mbd) or 60.14 million barrels during the month. The end-period inflation rate for May 2013, on a year-on-year basis, was 9.0 per cent, 0.1 percentage point below the level in the preceding month. The inflation rate on a 12-month moving average basis was 10.8 per cent, compared with the preceding month's level of 11.1 per cent.

Foreign exchange inflow and outflow through the CBN in May 2013 were US\$3.10 billion and US\$3.23 billion, respectively, and resulted in a net outflow of US\$0.13 billion. Foreign exchange sales by the CBN to the authorized dealers amounted to US\$2.51 billion, showing a decline of 1.2 per cent below the level in the preceding month.

Relative to the level in the previous month, the average Naira exchange rate vis-à-vis the US dollar appreciated marginally to ₦157.30/US\$ at the wDAS segment of the market. Similarly, it appreciated at the bureau-de-change and interbank segments of the foreign exchange market.

Non-oil export receipts decreased by 14.2 per cent below the level in the preceding month. This was attributed largely, to the decline in receipts from the industrial, mineral and food products sectors.

World crude oil output in May 2013 was estimated at an average of 90.14 million barrels per day (mbd), while demand was estimated at 88.71 million barrels per day (mbd), compared with 90.04 and 88.60 (mbd) supplied and demanded, respectively, in the preceding month. The rise in

demand was attributed to rising consumer prices, labour market and a positive outlook for the housing sector in the United States as well as increased economic activities in China.

Other major international economic developments and meetings of importance to the domestic economy during the review period included: the 2013 AACB Continental Seminar held in Lesotho from May 6-8, 2013. The 2013 Annual Meeting of the African Development Bank (AfDB) was held in Marrakech, Morocco from May 27- June 1, 2013. In another development, the Executive Board of the International Monetary Fund (IMF) considered the Fund's bi-annual work programme during the review month. Finally, the West African Monetary Agency, (WAMA), in collaboration with the Central Bank of West African States (BCEAO), organized a Regional workshop on Harmonization of Regulations Governing Current and Capital Account Transactions in ECOWAS from May 13-15, 2013.

2.0 *Financial Sector Developments*

2.1 Monetary and Credit Developments

Growth in the major monetary aggregate contracted at the end of the review month. Available data indicated mixed developments in banks' deposit and lending rates in May 2013. The value of money market assets outstanding increased, owing, largely, to the increase in Bankers' Acceptances (BAs). Transactions on the Nigerian Stock Exchange (NSE) recorded mixed developments during the review month.

Growth in the key monetary aggregate contracted in May 2013.

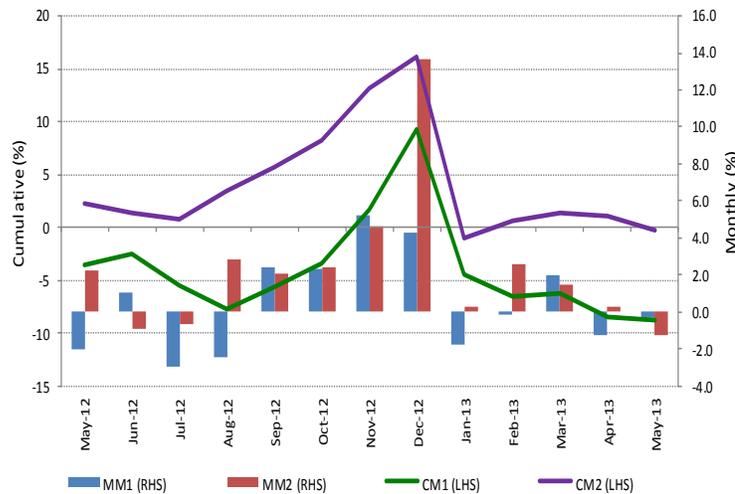
Provisional data indicated that growth in the major monetary aggregate declined at end-May 2013. Broad money supply (M_2), at ₦15,424.9 billion, fell by 1.3 per cent, on month-on-month basis, below the level at the end of the preceding month, in contrast to the growth of 2.2 per cent at the end of the corresponding month of 2012. The development reflected largely the 1.6 and 0.9 per cent decline in foreign assets (net) and domestic credit (net) of the banking system, which more than off-set the 0.9 per cent increase in other asset (net) of the banking system. Over the level at end-December 2012, (M_2) contracted by 0.2 per cent, owing largely to the 17.5 per cent decline in other assets (net) of the banking system.

Narrow money supply (M_1), at ₦6,742.2 billion, fell by 0.3 per cent, on month-on-month basis, compared with the decline of 2.3 and 2.0 per cent at the end of the preceding month and the corresponding month of 2012, respectively. The development was attributed, wholly, to the 2.2 per cent decline in its currency component. Over the level at end-December 2012, narrow money (M_1) fell by 8.8 per cent, due to the decline of 10.9 and 8.4 per cent in its currency and demand deposit components, respectively (Fig. 1, Table 1).

Quasi-money declined by 2.0 per cent, on month-on-month basis, to ₦8,682.70 billion, in contrast to the growth of 1.5 per cent at the end of the preceding

month. The development reflected the fall in its foreign currency deposit component. Relative to the level at end-December 2012, quasi-money grew by 7.7 per cent, compared with the increase of 9.9 and 8.2 per cent recorded at the end of the preceding month and the corresponding period of 2012, respectively.

Figure 1: Growth Rate of Narrow Money (M₁) and Broad Money (M₂)¹



At ₦13,788.2 billion, aggregate banking system credit (net) to the domestic economy, at end-May 2013, declined by 0.9 per cent, on month-on-month basis, in contrast to the growth of 3.8 per cent at the end of the preceding month. The development reflected, largely, the 5.6 per cent decline in claims on the states and local government. Over the level at end-December 2012, aggregate banking system credit (net) to the domestic economy rose by 5.8 per cent, due largely to the increase of 19.1 per cent in net claims on the Federal Government.

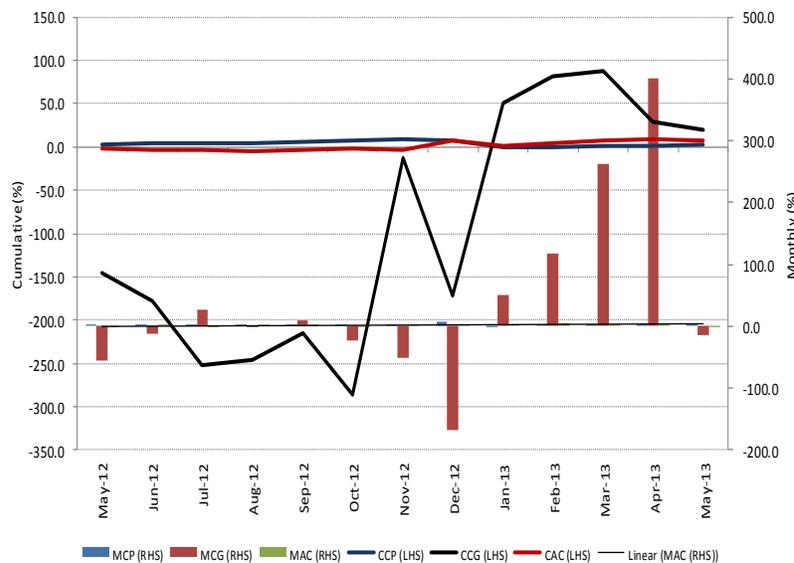
Banking system's credit (net) to the Federal Government, on month-on-month basis, declined by 13.4 per cent to negative ₦1,703.8 billion, in contrast to the increase of 19.6 per cent at the end of the

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

preceding month. This, however, showed a decline of 55.5 per cent when compared with the level at the end of the corresponding month of 2012. Over the level at end-December 2012, banking system credit (net) to the Federal Government rose by 19.1 per cent, reflecting largely the increase in banking system's holding of government securities.

Banking system's credit to the private sector, on month-on-month basis, grew by 0.5 per cent to ₦15,492.0 billion, compared with the respective increase of 1.0 and 2.0 per cent at the end of the preceding month and the corresponding period of 2012. Relative to the level at end-December 2012, banking system's credit to the private sector rose by 2.4 per cent, compared with the 1.8 and 2.0 per cent increase at the end of the preceding month and the corresponding period of 2012, respectively (Fig. 2, Table 1).

Figure 2: Growth Rate of Net Domestic Credit²



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).

Foreign assets (net) of the banking system fell on month-on-month basis at end-May 2013.

At ₦9,406.9 billion, foreign assets (net) of the banking system fell by 1.6 per cent, on month-on-month basis, at end-May 2013, compared with the decline of 1.3 per cent at the end of the preceding month, but contrasted with the growth of 3.8 per cent recorded at the end of the corresponding month of 2012. The development was attributed largely, to the 6.0 per cent decline in foreign assets holdings of commercial banks. Over the level at end-December 2012, foreign assets (net) of the banking system rose by 4.0 per cent, compared with the respective increase of 5.7 and 11.9 per cent at the end of the preceding month and the corresponding period of 2012.

Other assets (net) of the banking system, on a month-on-month basis, grew by 0.9 per cent to negative ₦7,770.3 billion, in contrast to the 5.6 per cent decrease at the end of the preceding month. The increase in the review month reflected, largely, the growth in unclassified assets of both the CBN and banks. Over the level at end-December 2012, other assets (net) of the banking system fell by 17.5 per cent.

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

	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13
Domestic Credit (Net)	-1.2	2.4	-2.0	-0.8	1.3	-1.1	8.5	-9.3	0.2	2.6	0.0	3.8	-0.8
<i>Claims on Federal Government (Net)</i>	-55.5	7.1	-36.4	2.4	8.7	-23.8	47.6	-135.5	7.7	13.0	-10.5	-19.6	-13.4
<i>Claims on Private Sector</i>	2.0	1.6	1.0	-0.9	0.3	1.3	2.1	-0.8	-0.9	0.6	1.20	1.0	0.5
<i>Claims on Other Private Sector</i>	1.9	1.5	1.0	-0.9	0.2	1.2	2.0	-0.9	-1.1	0.9	1.1	0.8	0.8
Foreign Assets (Net)	3.8	-5.8	3.9	3.2	2.9	5.6	-0.4	3.6	2.5	5.2	-0.7	-1.3	-1.6
Other Assets (Net)	2.1	0.4	-1.5	2.9	-1.5	0.2	-5.6	17.6	-6.1	-8.4	2.4	-5.6	0.9
Broad Money Supply (M2)	2.2	-0.9	-0.7	2.8	2.1	2.4	4.6	2.6	-1.0	1.6	0.7	-0.2	-1.3
Quasi-Money	6.5	-2.6	1.5	7.7	2.0	2.4	4.1	-1.5	2.1	4.9	1.1	1.5	-2.0
Narrow Money Supply (M1)	-2.0	1.0	-3.0	-2.5	2.4	2.3	5.2	7.5	-4.4	-2.3	0.3	-2.3	-0.3
Reserve Money (RM)	-3.2	0.2	17.6	3.9	1.5	-2.5	-2.0	24.3	-8.2	10.6	3.9	-12.2	-0.1

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

At ₦1,457.7 billion, currency in circulation fell by 0.9 per cent in the review month, compared with the decline of 2.5 and 1.7 per cent at the end of the preceding month and corresponding period of 2012. The development reflected, wholly, the 2.2 per cent decline in its currency outside banks component.

Total deposits at the CBN amounted to ₦5,971.2 billion, indicating a decline of 2.4 per cent below the level at the end of the preceding month. The development reflected, largely, the decline in private sector and Federal Government's deposits, which more than offset the rise in DMBs deposits. Of the total deposits, the percentage shares of the Federal Government, banks and private sector were 59.4, 33.1, and 7.5 per cent, respectively, compared with 58.7, 32.1 and 9.2 per cent at end-April 2013.

Reserve money (RM) fell by 0.1 per cent to ₦3,432.1 billion at the end of the review month, reflecting the trend in its currency component.

Reserve money (RM) fell in May 2013.

2.3 Money Market Developments

Available data showed that money market indicators were relatively stable during the review month. Federal Government of Nigeria (FGN) Bonds and Nigerian Treasury Bills (NTBs) were issued at the primary market on behalf of the Debt Management Office (DMO) for fiscal operations of the Federal Government.

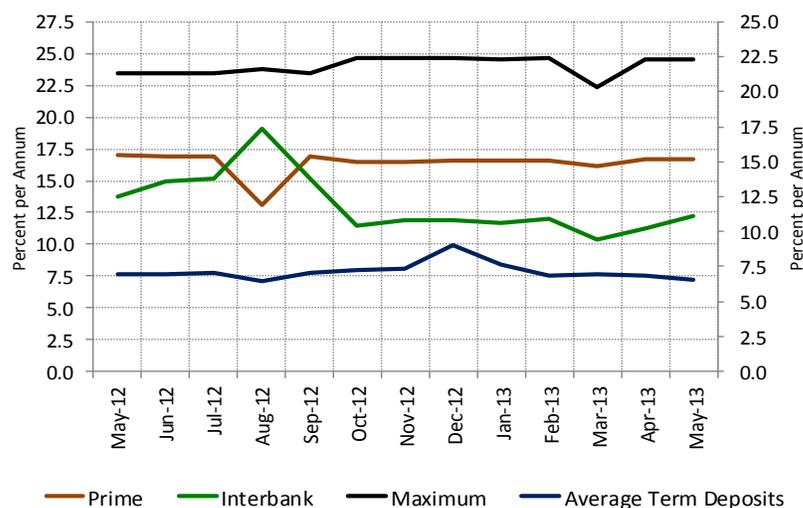
Provisional data indicated that the value of money market assets outstanding at end-May 2013 was ₦6,394.83 billion, indicating an increase of 1.6 per cent, compared with the increase of 1.9 per cent at the end of the preceding month. The development was, largely, attributed to the 19.0 per cent increase in Bankers' Acceptance.

2.3.1 Interest Rate Developments

Available data indicated mixed developments in banks' deposit and lending rates during the review month. With the exception of demand deposits, interbank call, the average savings and the 6-month tenored deposit rates which rose by 0.75, 0.99, 0.43 and 0.02 percentage point to 1.59, 12.23, 2.25 and 7.17 per cent, respectively, all other deposit rates of various maturities fell from a range of 4.89-7.94 per cent to a range of 4.78-7.76 per cent. At 6.55 per cent, the average term deposit rate fell by 0.28 percentage point below the level in the preceding month. The average prime and maximum lending rates rose by 0.01 and 0.04 percentage point to 16.66 and 24.57 per cent, respectively, in the review month. Consequently, the spread between the weighted average term deposit and maximum lending rates widened by 0.32 percentage point to 18.02 per cent in May 2013, while the margin between the average savings deposit and maximum lending rates narrowed by 0.39 percentage points to 22.32 per cent at the end of May 2013.

Available data indicated mixed developments in interest rates in May 2013.

At the interbank call segment, the weighted average rate, which stood at 11.24 per cent at end-April 2013, rose by 0.99 percentage point to 12.23 per cent. Similarly, the weighted average rate, at the open-buy-back (OBB) segment, rose by 1.37 percentage point to 11.99 per cent from the level in April 2013. The Nigerian interbank offered rate (NIBOR) for 7- and 30- day rose by 1.15 and 1.12 percentage point to close at 12.84 and 13.09 per cent, respectively, in the review month. With the headline inflation rate at 9.0 per cent at end-May 2013, 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)**

	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13
Average Term Deposits	7.15	6.83	6.96	6.92	7.05	7.28	7.38	8.99	7.66	6.88	6.99	6.83	6.55
Prime Lending	17.28	16.90	16.98	16.93	16.96	16.48	16.51	16.54	16.57	16.56	16.16	16.65	16.66
Interbank	14.13	14.30	13.80	14.92	15.19	11.42	11.86	11.88	11.67	11.98	10.39	11.24	12.23
Maximum Lending	23.21	23.31	23.44	23.44	23.45	24.65	24.70	24.61	24.54	24.60	22.31	24.53	24.57

2.3.2 Commercial Paper (CP)

The value of Commercial Paper (CP) held by the DMBs at end-May 2013 stood at ₦6.5 billion, indicating a decrease of 12.5 per cent below the level in the preceding month. Thus, CP constituted 0.1 per cent of the total value of money market assets outstanding at end-May 2013.

2.3.3 Bankers' Acceptances (BAs)

The value of Bankers' Acceptances (BAs) rose by 19.0 per cent to ₦13.9 billion, compared with the increase of 15.0 per cent in the preceding month. Consequently, BAs constituted 0.2 per cent of the total value of money market assets outstanding at end-May

2013, compared with 0.2 per cent at the end of the preceding month.

2.3.4 Open Market Operations

Auction of CBN Bills of various maturities was used to mop-up excess liquidity from the banking system in line with the contractionary monetary policy stance of the Bank. Total amount offered, subscribed to and allotted amounted to ₦1,090.00 billion, ₦1,476.32 billion and ₦1,127.40 billion, respectively, compared with ₦2,150.00 billion, ₦2,228.78 billion and ₦1,516.69 billion, in the preceding month. The bid rates ranged between 11.50 – 13.25 per cent, while the stop rates ranged between 12.14 – 12.50 per cent, compared with the respective ranges of 11.00 – 14.49 per cent and stop rates range of between 11.00– 14.49 per cent in the preceding month. The total allotment, in the review month declined by 25.7 per cent, relative to the level in the preceding month.

2.3.5 Primary Market

At the primary market segment, Nigerian Treasury Bills (NTBs) auctions were conducted in three tenors, namely 91-, 182- and 364-day. Total amount offered, subscribed to and allotted were ₦278.39 billion, ₦589.73 billion and ₦278.39 billion, respectively, compared with ₦324.27 billion, ₦514.37 billion and ₦324.27 billion in the preceding month. The bid rates ranged from 8.5-13.0, 10.0 – 12.71 and 10.0-13.12 per cent for the 91-, 182- and 364-day tenors, respectively. The bid-to-cover ratios for the various tenors were 1.15, 2.27 and 2.29 for the 91-, 182- and 364-day tenors, respectively.

2.3.6 Bonds Market

FGN Bonds of 5-, 7-, 10- and 20- year tranches, totalling ₦447.51 billion were reopened and offered to the market during the review month. Total amount offered, subscribed to and allotted was ₦110.00 billion, ₦227.51 billion and ₦110.00 billion, respectively, while the bid rates on the three tranches ranged from 6.00 –

All the four tranches of FGN Bonds offered in May were re-openings.

16.00 per cent at the marginal rates of 11.60, 12.25, 11.77 and 12.79 per cent, respectively.

2.3.7 CBN Standing Facilities

Aggregate Standing Lending Facility (SLF) granted in the review period was ₦821.12 billion with a daily average of ₦39.10 billion, compared with ₦845.31 billion with daily average of ₦40.25 billion in the preceding month, showing a decline of 2.9 per cent. The aggregate Standing Deposit Facility (SDF) stood at ₦1,694.29 billion with daily average of ₦80.68 billion, reflecting a decrease of 38.4 per cent below the level in the preceding month. The development reflected the liquidity condition in the market during the review period.

2.4 Deposit Money Banks' Activities

Available data indicated that total assets and liabilities of the deposit money banks (DMBs) amounted to ₦22,473.4 billion, showing a decline of 0.2 per cent below the level at the end of the preceding month. Funds were sourced mainly from the mobilization of demand deposits. The funds were used, largely, in the extension of credit to the private sector and for reduction of their liabilities on time, savings and foreign currency deposits.

At ₦14,113.0 billion, DMBs' credit to the domestic economy fell by 0.2 per cent below the level in the preceding month. The breakdown showed that relative to the level at the end of the preceding month, credit to the Federal Government, fell by 6.4 per cent, while that of private sector rose by 1.8 per cent.

DMBs' Credit to the domestic economy fell by 0.2 per cent below the level in the preceding month.

Total specified liquid assets of the DMBs stood at ₦6,662.9 billion, representing 43.8 per cent of their total current liabilities. At that level, the liquidity ratio fell by 5.4 percentage points below the level in the preceding month, but was 30.0 percentage points above the stipulated minimum ratio of 30.0 per cent. The loans-to-deposit ratio, at 40.8 per cent, was 1.7 percentage points above the level at the end of the preceding

month, but 39.2 percentage points below the prescribed maximum ratio of 80.0 per cent.

2.5 Discount Houses' Activities

Available data indicated that total assets of the discount houses stood at ₦326.4 billion at end-May 2013, showing a decline of 5.7 per cent below the level at end-April 2013. The development was accounted for, largely, by the 33.2 per cent decline in cash and balances with banks. Correspondingly, the decline in total liabilities was attributed, largely, to the 24.8 per cent fall in other amount owed to commercial banks.

Discount houses' investment in Federal Government securities of less than 91-day maturity increased to ₦145.8 billion and accounted for 55.5 per cent of their total deposit liabilities. Thus, investment in Federal Government Securities was 4.5 percentage points below the prescribed minimum level of 60.0 per cent. At that level, discount houses' investment in NTBs declined by 6.1 per cent below the level at the end of the preceding month. Total borrowing by the discount houses was ₦73.1 billion, while their capital and reserves amounted to ₦23.3 billion. This resulted in a gearing ratio of 3.1:1, compared with the stipulated maximum target of 50:1 for fiscal 2013.

2.6 Capital Market Developments

2.6.1 Secondary Market

Available data at end-May 2013 indicated that activities on the Nigerian Stock Exchange (NSE) were mixed. The volume and value of traded equities stood at 8.5 billion shares valued at ₦94.4 billion, in 123,964 deals. This indicated an increase of 2.4 per cent in the volume of traded equities above the level at the end of the preceding month, but a decline of 1.0 per cent in the value of traded equities below the level at the end of preceding month. The transaction volume was driven by activities in the Financial Services sector with 6.4 billion shares valued at ₦54.2 billion traded in 67,726 deals. This was followed by the Consumer Goods sub-

sector. The Banking sub-sector remained the most active on the Exchange with a traded volume of 4.8 billion shares, valued at ₦42.9 billion in 47,966 deals, during the review month. The development was driven largely by activities in the shares of UBA Plc. and First City Monument Bank Plc.

Figure 4: Volume and Value of Traded Securities

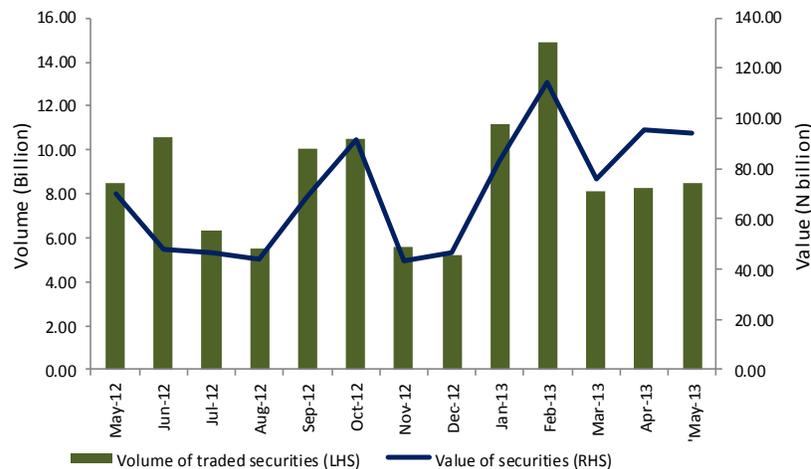


Table 3: Traded Securities on the Nigerian Stock Exchange (NSE)

	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13
Volume (Billion)	8.52	10.60	6.30	5.50	10.09	10.48	5.60	5.20	11.20	14.93	8.12	8.30	8.50
Value (N Billion)	69.78	48.10	46.90	43.80	68.58	91.50	43.40	46.50	83.30	114.34	75.93	95.31	94.36

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

Provisional data revealed that transactions on the Over-the-Counter (OTC) bonds market indicated a turnover of 739.8 million units, worth ₦851.5 billion in 4,837 deals recorded during the month, compared with 573.1 million units, worth ₦699.6 billion in 3,331 deals recorded in the previous month.

2.6.3 New Issues Market

There were five (5) supplementary listings during the review month. There was no new issue.

Table 4: New and Supplementary Listings on the NSE for May 2013

S/N	Company	Additional Shares (Units)	Reasons	Listing
1	Custodian and Allied Ins. Plc.	781,017,387 Shares	Merger with Crusader Nigeria Plc.	Supplementary
2	BOC Gases Plc.	23,124,706 Shares	Bonus Shares Issue	Supplementary
3	Okomu Oil Plc	479,955,000 Shares	Bonus Shares Issue	Supplementary
4	CAP Plc	140,000,000 Shares	Script Issue	Supplementary
5	UACN Plc.	320,144,064 Shares	Bonus Shares Issue	Supplementary

Following the conclusion of the merger scheme with Custodian and Allied Insurance Plc, Crusader (Nigeria) Plc. was delisted, while the 15.00% FGN May 2013 Bonds, which matured during the month was also delisted.

2.6.4 Market Capitalization

The aggregate market capitalization for all the listed securities (equities and bonds) stood at ₦16.74 trillion at end-May 2013, indicating an increase of 7.0 per cent above the level at the end of the preceding month. Market capitalization for the equity segment also rose by 13.1 per cent to ₦12.10 trillion at end-May 2013, compared with ₦10.70 trillion at end-April 2013.

2.6.5 NSE All-Share Index

The All-Share Index, which opened at 33,440.57 at the beginning of the month, stood at 37,794.8, showing an increase of 13.0 per cent above the level at the end of the preceding month. All other sectoral indices increased during the review month. The NSE Consumer goods, NSE Banking, NSE Insurance, NSE Oil/Gas, NSE Lotus (NSE LII), NSE industrial Goods and NSE ASEM indices rose by 13.6, 12.0, 1.6, 7.8, 19.7, 23.3 and 1.9 per cent, respectively, at end-May 2013.

Figure 5: Market Capitalization and All-Share Index



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

	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13
Market Capitalization (₦ trillion)	12.5	12.4	13.0	13.1	13.8	14.1	14.2	14.8	16.1	16.1	16.4	15.7	16.7
All-Share Index	22,066.40	21,399.57	23,061.38	23,790.82	23,373.00	26,490.90	26,494.40	28,078.81	31,853.19	33,075.14	33,536.25	33,440.57	37,794.00

3.0 Fiscal Operations

3.1 Federation Account Operations

Available data showed that estimated federally-collected revenue (gross) in May 2013, at ₦826.36 billion, was below the provisional monthly budget estimate by 12.6 per cent, but exceeded the receipt in the preceding month by 2.5 per cent. Relative to the level in the corresponding period of 2012, gross federally collected revenue fell by 1.9 per cent. The decline relative to provisional monthly budget estimate was attributed to the drop in non-oil revenue during the review period (Fig. 6, Table 6).

Gross federally-collected revenue exceeded the level in the preceding month but fell when compared with the level in the corresponding period of 2012.

Figure 6: Components of Gross Federally-Collected Revenue

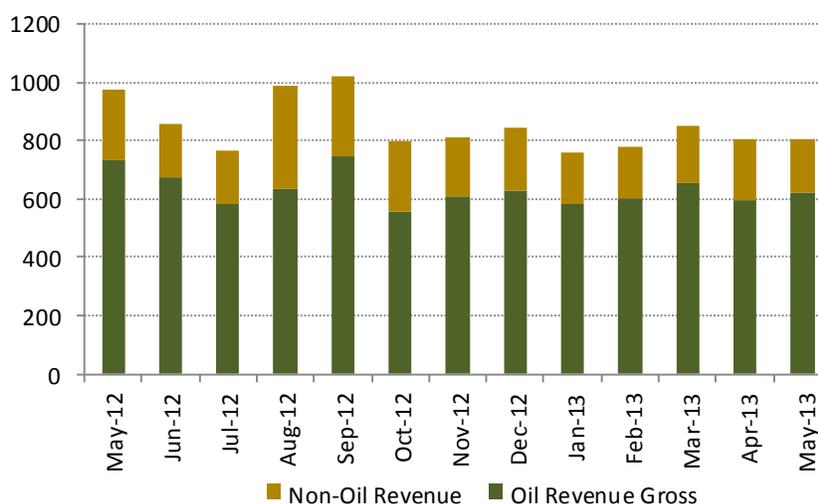


Table 6: Gross Federation Account Revenue (₦ billion)

	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13
Federally-collected revenue (Gross)	841.8	766.3	985.8	1021.1	797.4	810.8	841.6	761.2	780.9	852.7	805.0	806.5	826.4
Oil Revenue	671.1	579.6	632.6	749.1	554.5	606.8	631.0	585.8	599.0	655.2	595.3	621.0	648.6
Non-Oil Revenue	170.7	186.7	353.2	272.0	243.0	204.0	210.6	175.4	181.9	197.4	209.8	185.5	177.7

At ₦648.63 billion, oil receipts (gross), which constituted 78.5 per cent of the total revenue was 0.6 and 4.5 per cent above the provisional monthly budget estimate and the level in the preceding month, respectively. The rise in oil receipts relative to the monthly budget

estimate was attributed to the increase in receipts from PPT, Royalties and domestic crude oil and gas sales during the review period (Fig. 7, Table 7).

Figure 7: Gross Oil Revenue and Its Components

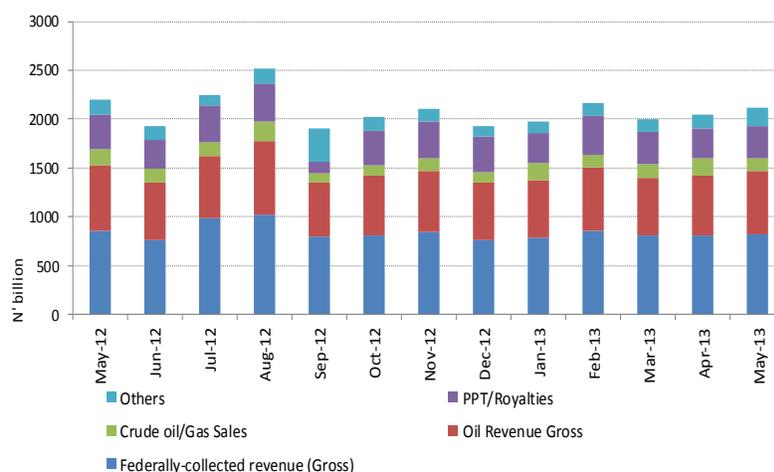
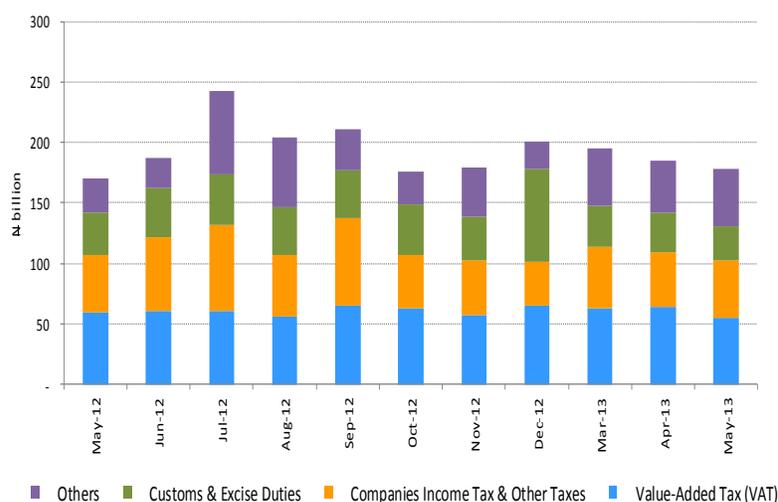


Table 7: Components of Gross Oil Revenue (N billion)

	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13
Oil Revenue	671.1	579.6	632.6	749.1	554.5	606.8	631.0	585.8	599.0	655.3	595.3	621.0	648.6
Crude oil/Gas Sales	171.2	145.1	149.4	210.8	95.0	133.3	125.6	107.7	172.9	129.9	136.4	173.6	118.7
Domestic crude oil/G	137.4	130.1	98.3	139.4	115.0	114.8	114.8	100.0	117.7	119.4	112.6	133.4	187.8
PPT/Royalties	354.4	296.4	377.0	389.8	336.6	350.1	382.7	370.4	300.5	398.0	331.7	305.4	334.3
Others	145.5	137.9	106.2	148.5	7.9	8.6	7.8	7.7	8.0	7.9	14.6	8.5	7.8

Non-oil receipts declined relative to both the monthly budget estimate and the receipts in the preceding month.

Non-oil receipts (gross), at ₦177.73 billion or 21.5 per cent of the total, was lower than both the monthly budget estimate and the level in the preceding month by 40.8 and 4.2 per cent, respectively. The decline relative to the monthly budget estimate reflected, largely, the low receipts from Customs and Excise Duties, VAT and Education Tax Fund.

Figure 8: Gross Non-Oil Revenue and its Components**Table 8: Components of Gross Non-Oil Revenue (₦ billion)**

	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13
Non-Oil Revenue	170.7	186.7	353.2	272.0	243.0	204.0	210.6	175.4	179.8	197.4	209.8	185.5	177.7
Value-Added Tax (VAT)	59.7	60.1	59.2	53.9	60.4	56.3	64.8	62.7	57.5	65.3	62.7	64.2	54.6
Companies Income Tax & Other Taxes	46.8	61.1	187.5	139.6	71.6	51.1	72.7	44.3	45.1	62.2	51.0	45.3	48.1
Customs & Excise Duties	35.7	41.3	46.2	39.3	41.5	39.4	39.7	41.9	39.6	36.4	34.0	32.0	28.2
Others	28.4	24.2	60.4	39.2	69.5	57.2	33.4	26.5	37.6	33.5	62.0	44.0	46.8

Of the federally-collected revenue (gross), the sum of ₦527.43 billion (after accounting for all deductions and transfers) was transferred to the Federation Account for distribution among the three tiers of government and the 13.0% Derivation Fund. The Federal Government received ₦246.69 billion, while the states and local governments received ₦125.12 billion and ₦96.47 billion, respectively. The balance of ₦59.15 billion was credited to the 13.0% Derivation Fund for distribution to the oil-producing states. From the VAT Pool Account, the Federal Government received ₦7.86 billion, while the state and local governments received ₦26.19 billion and ₦18.34 billion, respectively. Overall, the total allocation to the three tiers of government from the Federation and VAT Pool Accounts amounted to ₦715.42 billion. This was lower than the provisional

monthly budget estimate of ₦729.44 billion and the level in the preceding month by 1.9 per cent and 1.3 per cent, respectively.

3.2 The Fiscal Operations of the Three Tiers of Government

3.2.1 The Federal Government

Federal Government estimated retained revenue was lower than the monthly budget estimate, but higher than the receipts in the preceding month.

At ₦348.55 billion, the estimated Federal Government retained revenue for May 2013 was lower than the monthly budget estimate by 14.7 per cent, but above the receipts in the preceding month by 8.9 per cent. Of the total amount, the Federation Account accounted for 70.8 per cent, while VAT Pool Accounts, FGN Independent Revenue, Revenue Augmentation and SURE-P accounted for 2.3, 10.0, 12.2 and 4.7 per cent, respectively. (Fig. 9, Table 9).

Figure 9: Sources of Federal Government Retained Revenue

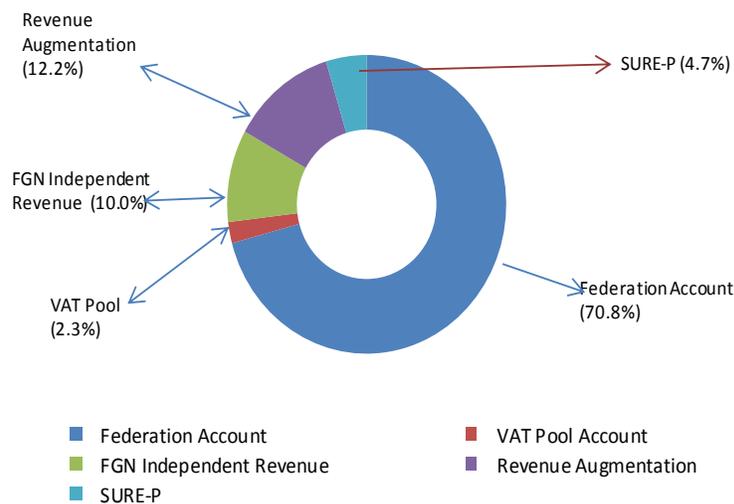
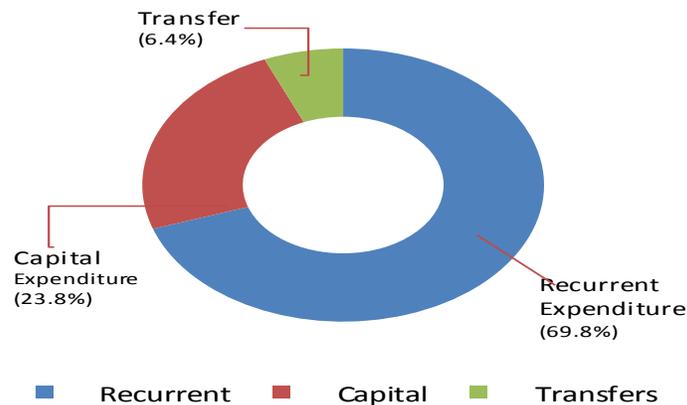


Table 8: Federal Government Fiscal Operations (₦ billion)

	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13
Retained Revenue	249.7	340.2	262.9	248.9	254.9	243.2	246.6	246.7	261.9	326.5	426.0	320.1	348.6
Expenditure	340.3	304.7	378.6	379.8	372.1	376.2	390.4	417.6	159.8	585.9	331.5	495.3	473.0
Overall Balance: (+)/(-)	-90.6	35.5	-115.7	-130.9	-117.1	-133.0	-143.8	-170.9	102.0	-259.3	37.8	-175.2	-124.4

At ₦472.95 billion, total estimated expenditure for May 2013 was below the monthly budget estimate and the level in the preceding month by 2.0 per cent and 4.5 per cent, respectively. A breakdown of total expenditure showed that the recurrent expenditure accounted for 69.8 per cent, while the capital expenditure and transfer components accounted for 23.8 and 6.4 per cent, respectively. The non-debt-obligations accounted for 66.8 per cent of the total recurrent expenditure, while debt service payments accounted for the balance of 33.2 per cent (Fig. 10).

Total estimated expenditure for May 2013 fell below the monthly budget estimate and the level in the preceding month.

Figure 10: Federal Government Expenditure

Thus, the fiscal operations of the Federal Government in May 2013, resulted in an estimated deficit of ₦124.40 billion, compared with the provisional monthly budgeted deficit of ₦73.92 billion.

The fiscal operations of the FG resulted in an estimated deficit of ₦124.40 billion in May 2013.

3.2.2 *Statutory Allocations to State Governments*

During the review month, total receipts by state governments including the share of VAT and, the Federation Account stood at ₦261.59 billion. This was lower than the level in the preceding month by 1.7 per cent, but higher than the level in the corresponding period of 2012 by 26.7 per cent.

The breakdown showed that, at ₦26.19 billion or 10.0 per cent of the total, receipts from the VAT Pool Account was 15.0 and 8.6 per cent below the levels in the preceding month and the corresponding period of 2012, respectively. At ₦235.40 billion or 90.0 per cent of the total, State Governments' receipt from the Federation Account was higher than the levels in the preceding month and the corresponding period of 2012 by 0.1 and 32.4 per cent, 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 review month, stood at ₦140.62 billion. This amount was below the level in the preceding month by 2.3 per cent, but was higher than the level in the corresponding period of 2012 by 23.0 per cent. Of this amount, receipts from the Federation Account was ₦122.29 billion (87.0 per cent of the total), while the VAT Pool Account accounted for ₦18.34 billion (13.0 per cent of the total).

4.0 Domestic Economic Conditions

The predominant agricultural activity during the month of May 2013 was planting of root crops. In the livestock sub-sector, farmers engaged in breeding and sanitization of poultry cages and cattle ranches as well as restocking of livestock. Crude oil production was estimated at 1.94 million barrels per day (mbd) or 60.14 million barrels during the month. The headline inflation rate for May 2013, on a year-on-year basis, was 9.0 per cent, 0.1 percentage point below the level in the preceding month. The inflation rate on a 12-month moving average basis was 10.8 per cent, compared with the preceding month's level of 11.1 per cent.

4.1 Agricultural Sector

Agricultural activities were dominated by planting of root crops, especially yams, sorghum and groundnuts. In the livestock sub-sector, farmers were engaged in breeding, sanitization of poultry cages and cattle ranches and restocking of livestock to replenish sales during the Easter festive season.

A total of ₦617.3 million was guaranteed to 5,748 farmers under the Agricultural Credit Guarantee Scheme (ACGS) in the review month. This represented an increase of 95.8 and 100.7 per cent above the levels in the preceding month and the corresponding month of 2012, respectively. A sub-sectoral analysis of the loans guaranteed indicated that the food crops sub-sector obtained the largest share of ₦444.3 million (72.0 per cent) guaranteed to 4,741 beneficiaries, livestock sub-sector got ₦114.6 million (18.6 per cent) guaranteed to 549 beneficiaries, while ₦40.23 million (6.5 per cent) was guaranteed to 315 beneficiaries in the fisheries sub-sector. The mixed crops sub-sector received ₦3.6 million (0.6 per cent) guaranteed to 20 beneficiaries, 'others' received ₦4.1 million (0.7 per cent) guaranteed to 25 beneficiaries, while cash crops sub-sector had ₦10.5 million (1.7 per cent) guaranteed to 98 beneficiaries.

Analysis by state showed that 29 states (including Abuja) benefited from the scheme in the review month with the highest and lowest sums of ₦1,198.6 million (19.4 per cent) and ₦0.3 million (0.05 per cent) guaranteed to Delta and Zamfara states, respectively.

The CBN released ₦216.97 billion (for 287 projects) for disbursement under the Commercial Agriculture Credit Scheme (CACS) to the participating banks.

At end-May 2013, the total amount released by the CBN under the Commercial Agriculture Credit Scheme (CACS) to the participating banks for disbursement stood at ₦216.97 billion for two hundred and eighty seven (287) projects/promoters (Table 10).

Table 10: Disbursement of Credit under the Commercial Agriculture Credit Scheme (CACS) May 2013.

S/N	Participating Banks	Amount Disbursed (₦ billion)	Number of Projects/State Governments
1	UBA Plc.	41.80	35
2	Zenith Bank	32.96	21
3	First Bank of Nigeria Plc	22.30	62
4	Unity Bank Plc	19.90	22
5	Union Bank Nigeria PLC	18.20	21
6	Fidelity Bank Plc	12.90	11
7	Stanbic IBTC	11.70	23
8	Access Bank Plc	10.87	12
9	Skye Bank Plc	9.20	7
10	Sterling Bank Plc	12.10	20
11	GTBank Plc	5.80	9
12	FCMB Plc.	4.80	8
13	ECOBANK	3.80	7
14	Citibank Plc	3.00	2
15	Diamond Bank Plc	2.74	13
16	Mainstreet Bank Plc	2.00	1
17	Keystone Bank	1.70	2
18	Wema Bank Plc	0.70	5
19	Enterprise Bank Plc	0.50	6
	TOTAL	216.97	287

4.2 Petroleum Sector

Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at an average of 1.94 million barrels per day (mbd) or 60.14 million barrels for the month. This was 0.03 mbd or 1.5 per cent below the average of 1.97 mbd or 59.10 million barrels produced in the preceding month. The decrease in

production was attributed to recurring oil spills and crude oil theft as well as a force majeure on oil production activities in the Niger Delta oil producing region.

Crude oil export was estimated at 1.49 mbd or 46.19 million barrels. This represented a decrease of 2.0 per cent below the 1.52 mbd or 45.60 million barrels recorded in the preceding month. Deliveries to the refineries for domestic consumption remained at 0.45 mbd or 13.95 million barrels during review month.

At an estimated average of US\$105.05 per barrel, the price of Nigeria's reference crude, the Bonny Light (37° API), fell by 0.6 per cent below the level in the preceding month. The average prices of other competing crudes, namely: UK Brent at \$102.71/b, and Forcados at \$106.21/b exhibited similar trend as the Bonny Light, while the West Texas Intermediate (WTI) rose at \$94.60/b.

The average price of OPEC basket of eleven crude streams at US\$100.65/b represented a fall of 0.4 and 6.9 per cent, compared with the average price of US\$101.05/b and US\$108.07/b recorded in the preceding month and the corresponding period of 2012, respectively (Fig. 11, Table 11).

Crude oil and natural gas production was estimated at an average of 1.94 million barrels per day.

The average price of Nigeria's reference crude, the Bonny Light (37° API) fell by 0.6 per cent below the level in the preceding month.

Figure 11: Trends in Crude Oil Prices

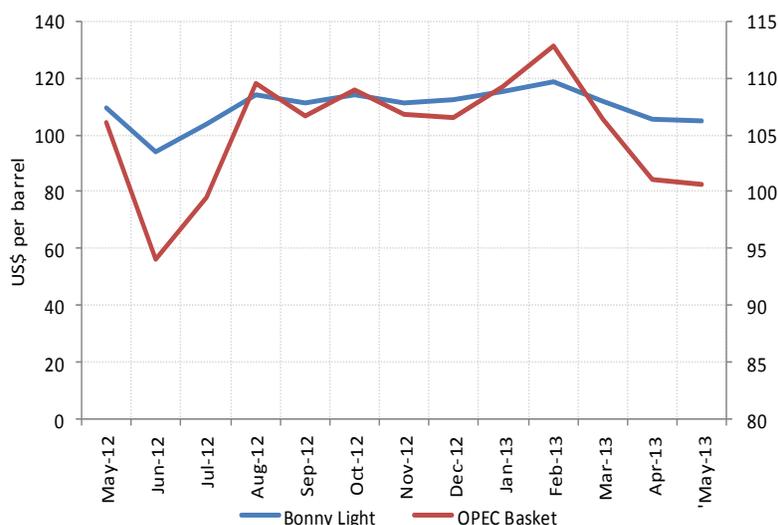


Table 11: Average Crude Oil Prices in the International Oil Market

	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13
Bonny Light	111.56	93.94	103.99	114.24	111	114.2	111.02	112.51	115.58	118.68	111.77	105.68	105.05
OPEC Basket	108.07	93.98	99.55	109.52	106.7	108.9	106.86	106.55	109.28	112.75	106.44	101.05	100.65

4.3 Consumer Prices

The general price level rose marginally in May, relative to the preceding month owing to the increase in the prices of all twelve classifications of Individual consumption according to Purpose.

The year-on-year headline inflation rate fell by 0.1 percentage points below the level in the preceding month.

Available data showed that the all-items composite Consumer Price Index (CPI) in April 2013 was 145.8 (November 2009=100), representing an increase of 0.7 and 9.0 per cent over the levels in the preceding month and the corresponding period of 2012, respectively. The development was attributed to the relative increase in all twelve classifications of Individual consumption according to purpose. The urban all-items CPI at end-May 2013 was 144.5 (November 2009=100), indicating an increase of 0.6 per cent above the level in the preceding month. The rural all-items CPI for the month, was 147.1 (November 2009=100), indicating an increase of 0.5 per cent above the level in the preceding month (Fig. 12, Table 12).

The end-period inflation rate for the review month, on a year-on-year basis, was 9.0 per cent, indicating a decline of 0.1 percentage points below the level of 9.1 per cent in the preceding month. The inflation rate on a twelve-month moving average basis was 10.8 per cent, compared with 11.1 per cent in the preceding month. (Fig. 13, Table 11).

The composite food index was 146.4, indicating an increase of 0.6 per cent. This development was accounted for by the increases across all classes of the food sub-index.

Figure 12: Consumer Price Index

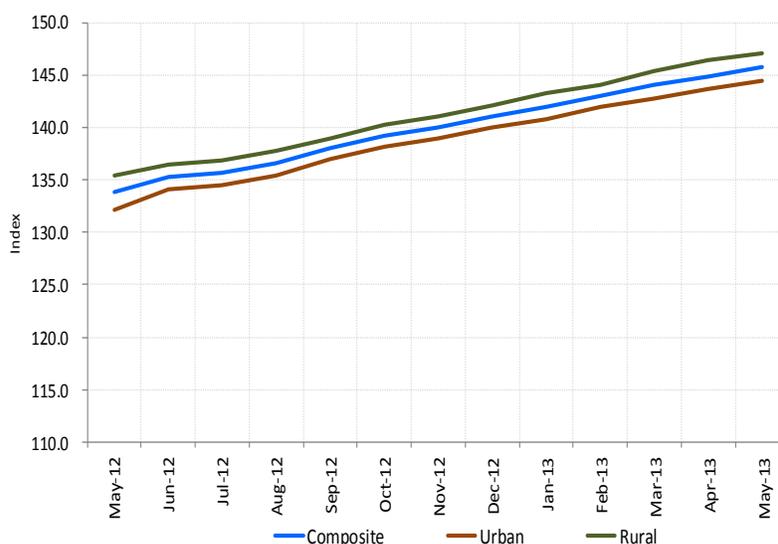


Table 12: Consumer Price Index (November 2009=100)

	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13
Composite	133.8	135.3	135.7	136.6	138.0	139.2	140.0	141.1	141.9	143.0	144.0	144.8	145.8
Urban	132.1	134.1	134.5	135.4	137.0	138.2	139.0	140.0	140.8	142.0	142.0	143.7	144.5
Rural	135.4	136.5	136.9	137.8	139.0	140.2	141.1	142.1	143.2	144.1	145.3	146.4	147.1
CPI - Food	133.9	134.5	135.0	135.9	137.5	138.8	139.8	141.2	142.3	143.3	144.6	145.6	146.4
CPI - Non Food	136.7	138.0	138.1	139.0	139.7	140.3	140.9	141.8	143.8	143.8	144.8	144.5	145.2

Figure 13: Inflation Rate

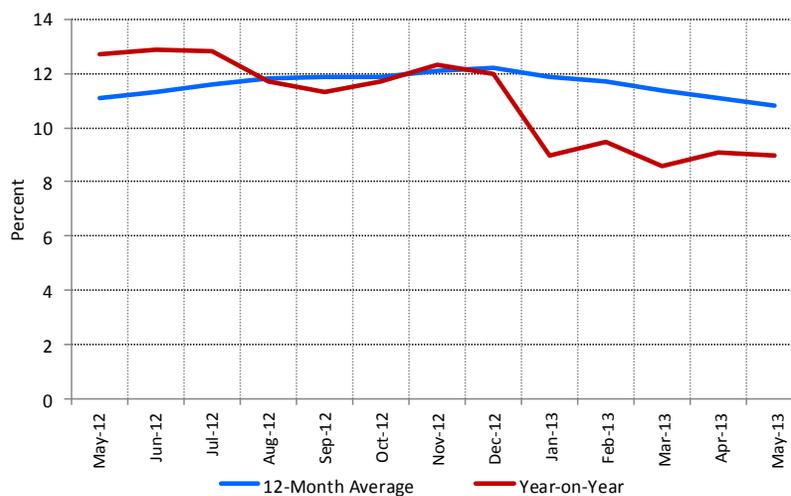


Table 13: Headline Inflation Rate (%)

	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13
12-Month Average	11.1	11.3	11.6	11.8	11.9	11.9	12.1	12.2	11.9	11.7	11.4	11.1	10.8
Year-on-Year	12.7	12.9	12.8	11.7	11.3	11.7	12.3	12.0	9.0	9.5	8.6	9.1	9.0

5.0 External Sector Developments

Provisional data indicated that foreign exchange inflow and outflow through the CBN fell by 4.4 per cent and 2.6 per cent relative to their levels in the preceding month. Total non-oil export receipts by banks fell by 14.2 per cent below the level in the preceding month. The gross external reserves fell by 0.4 per cent below the preceding month's level. At the Wholesale Dutch Auction System (WDAS), the average exchange rate of the Naira vis-à-vis the US dollar, appreciated marginally from the preceding month's level.

5.1 Foreign Exchange Flows

Provisional data indicated that foreign exchange inflow and outflow through the CBN in May 2013 was US\$3.10 billion and US\$3.23 billion, respectively. This resulted in a net outflow of US\$0.14 billion, higher than the net outflow of US\$0.08 billion recorded in the preceding month, but in contrast to the net inflow of US\$0.37 billion in the corresponding period of 2012. Relative to the levels in the preceding month and the corresponding period of 2012, inflow fell by 4.4 and 14.7 per cent, respectively. The decrease in inflow, relative to the preceding month, was attributed largely to the 5.3 per cent fall in oil receipts. Foreign exchange outflow fell by 2.6 and 0.7 per cent below the levels in the preceding month and the corresponding period of 2012, respectively. The development relative to the preceding month was attributed, largely to the decline in autonomous sources, National Priority Projects payments and Drawings on LC. A breakdown of foreign exchange outflow in relation to total outflow indicated that sales to WDAS accounted for 86.3 percent, other official payments (10.9 percent), drawings on letters of credit (0.8 percent), national priority projects payments (0.3 percent) and external debt service payments (1.1 percent). (Fig. 14, Table 14).

Foreign exchange inflow through the CBN decreased by 4.4 per cent, while outflow rose by 2.6 per cent, in May 2013.

Figure 14: Foreign Exchange Flows through the CBN

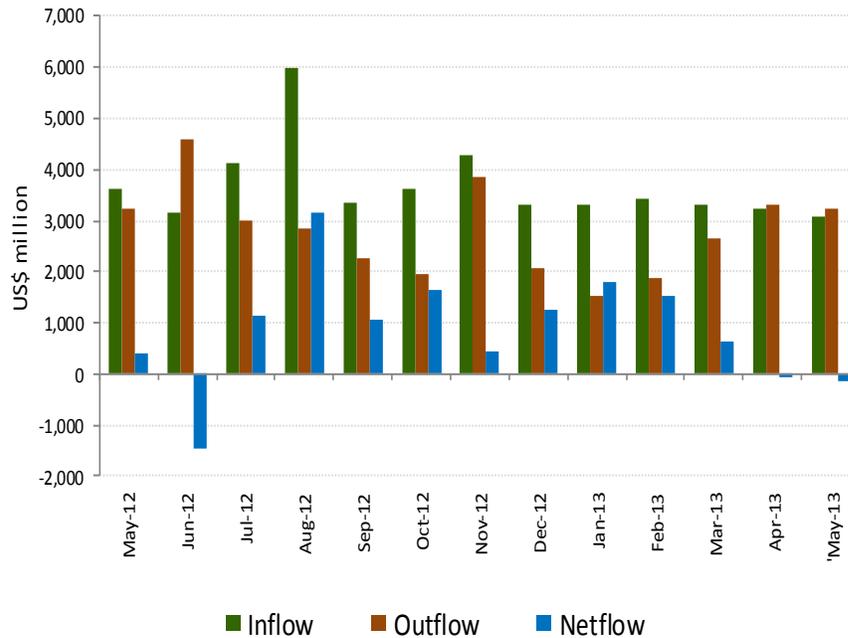


Table 14: Foreign Exchange Flows through the CBN (US\$ million)

	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13
Inflow	3627.1	3151.0	4132.1	5981.0	3358.6	3451.3	4272.4	3319.6	3320.8	3423.6	3302.6	3238.8	3095.5
Outflow	3257.0	4600.2	3006.6	2840.2	2277.4	1761.7	3843.3	2062.3	1538.1	1884.1	2671.5	3319.4	3233.7
Netflow	370.1	-1449.3	1125.5	3140.8	1069.6	1647.5	429.3	1257.3	1782.7	1539.5	631.1	-80.5	-138.2

Provisional data on aggregate foreign exchange flows through the economy indicated that total inflow was US\$13.54 billion, representing an increase of 11.5 and 41.8 per cent over the levels in the preceding month and corresponding period of 2012, respectively. The observed increase in inflow above the level in the preceding month was attributed to the increase in capital importations and invisibles. Inflow through the Central Bank of Nigeria (CBN) accounted for 22.9 per cent of the total, while that from autonomous sources accounted for the balance of 77.1 per cent.

At US\$3.0 billion, oil sector receipts fell by 5.3 per cent below the level in the preceding month and accounted for 22.1 per cent of the total inflow. On a

month-on-month basis, non-oil public sector inflow, at \$0.01 billion rose by 33.7 per cent and accounted for 0.7 per cent of the total inflow, while autonomous inflow, at \$10.45 billion, rose by 17.3 per cent, accounting for 77.1 per cent of the total.

At US\$3.25 billion, aggregate foreign exchange outflow from the economy declined by 3.8 and 4.1 per cent below the levels in the preceding month and the corresponding period of 2012, respectively. Thus, foreign exchange flows through the economy resulted in a net inflow of US\$10.29 billion in the review month, compared with US\$8.77 billion and US\$6.16 billion in the preceding month and the corresponding month of 2012, respectively.

5.2 Non-Oil Export Earnings by Exporters

Provisional data indicated that total non-oil export earnings at US\$252.30 million, decreased by 14.2 and 28.0 per cent below the level in the preceding month and corresponding month of 2012, respectively. The development reflected, largely, the decline in receipts from the industrial, minerals and food products sectors. A breakdown of receipts showed that proceeds of industrial, manufactured, agriculture, food products, and minerals sub-sectors stood at US\$60.86, US\$113.19, US\$52.81, US\$6.66, and US\$18.78 million, respectively. There were no receipts recorded in the transport sector.

The shares of industrial, manufactured, agriculture, food products, and minerals sub-sectors in non-oil export proceeds were 24.1, 44.9, 21.0, 2.6, and 7.4 per cent, respectively.

5.3 Sectoral Utilisation of Foreign Exchange

The invisible sector accounted for the bulk (51.4 per cent) of total foreign exchange disbursed in May 2013. Of the visible sector, the minerals and oil sector accounted for the bulk (16.2 per cent). Other beneficiary sectors, in a descending order included: industrial sector (13.7 per cent), food products (9.6),

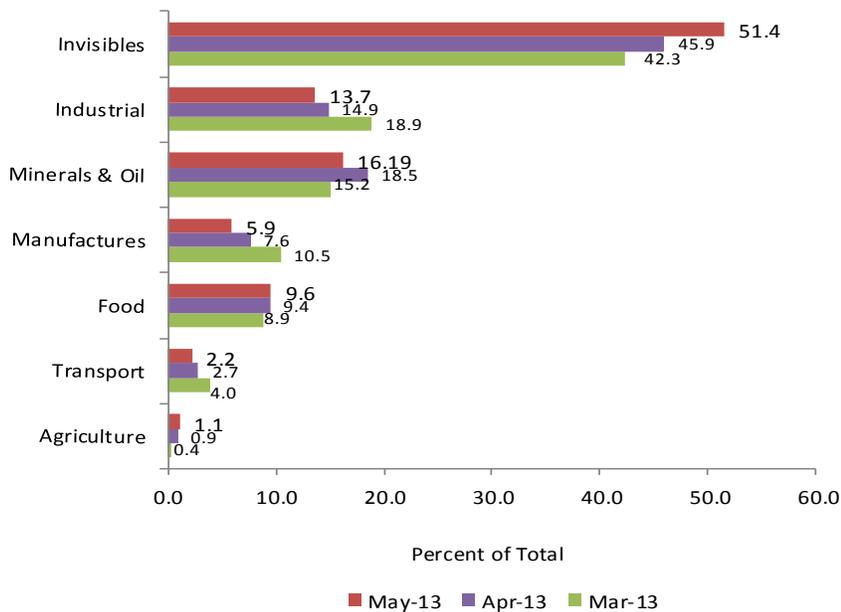
Non-oil inflow into the economy rose by 33.7 per cent and accounted for 0.7 per cent of the total inflow in May 2013.

Total non-oil export earnings by exporters fell in May 2013, on account of the decline in the earnings from the industrial, minerals and food products sectors.

The invisible sector accounted for the bulk of the total foreign exchange disbursed in May 2013.

manufactured product (5.9 per cent), transport (2.2 per cent), and agricultural products (1.1 per cent), (Fig.15).

Figure15: Sectoral Utilisation of Foreign Exchange



5.4 Foreign Exchange Market Developments

Estimated aggregate demand for foreign exchange by authorized dealers under the Wholesale Dutch Auction System (wDAS), Bureau-de-change (BDC) and wDAS-Forwards contract was US\$2.51 billion in May 2013, showing a decline of 1.2 per cent below the level in the preceding month, but an increase of 5.9 per cent above the level in the corresponding month of 2012. The development relative to the preceding month's level was attributed to the increased supply of foreign exchange from autonomous sources at the inter-bank segment. A total of US\$2.81 billion was sold by the CBN to authorized dealers during the period, reflecting a decrease of 1.5 and 6.7 per cent below the level in the preceding month and the corresponding period of 2012, respectively (Fig.16, Table 15).

Figure 16: Demand for and Supply of Foreign Exchange

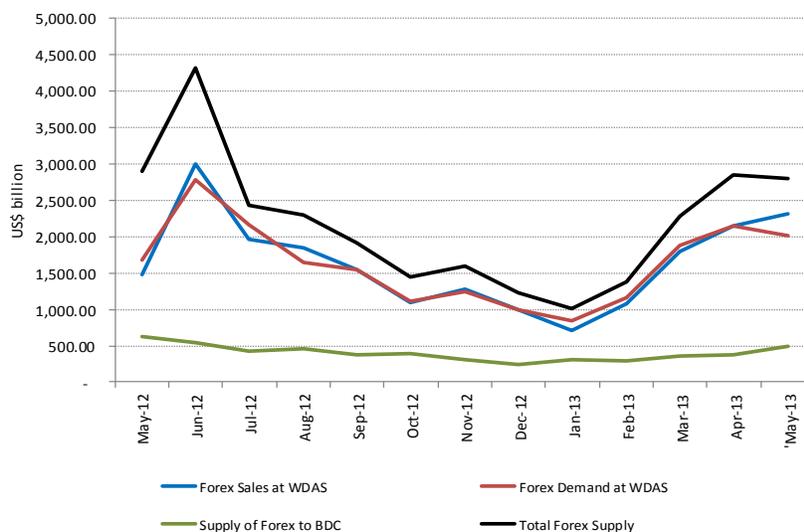


Table 15: Demand for and Supply of Foreign Exchange (US\$ billion)

	May-13	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13
Forex Sales at WDAS	1487.0	3000.0	1961.7	1843.6	1539.4	1101.6	1278.7	990.3	713.5	1072.8	1801.5	2154.5	2318.7
Forex Demand at WDAS	1681.3	2777.6	2166.3	1646.4	1549.2	1112.9	1237.0	993.8	836.4	1160.0	1886.7	2156.2	2019.2
Supply of Forex to BDC	633.8	544.8	419.5	457.7	370.2	389.8	311.7	239.9	303.5	299.3	365.0	381.0	487.6
Total Forex Supply	2894.6	4317.2	2428.2	2301.3	1909.6	1443.6	1592.5	1234.2	1019.1	1372.1	2276.5	2848.2	2806.3

Under the wDAS segment, the average exchange rate of the Naira vis-à-vis the US dollar at ₦157.30, appreciated marginally by 0.002 per cent. Similarly, at the inter-bank segment, the average exchange rate appreciated by 0.2 per cent to close at ₦157.97 per US dollar. At the BDC segment, the average exchange rate appreciated by 0.1 per cent to ₦159.58 per US dollar from its level in the preceding month.

Consequently, the premium between the wDAS and Bureau-de-change rates narrowed from 1.6 per cent to 1.4 per cent in the month of May, while the premium between the inter-bank and wDAS segments narrowed to 0.4 per cent in the review month from 0.6 per cent in the preceding month.

The Naira exchange rate vis-à-vis the US dollar appreciated in all the three (3) segments of the market during the review period.

Figure 17: Average Exchange Rate Movement

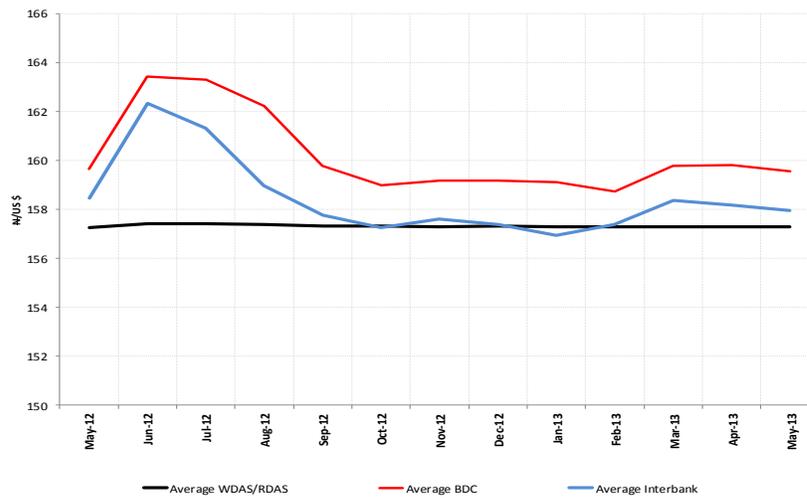
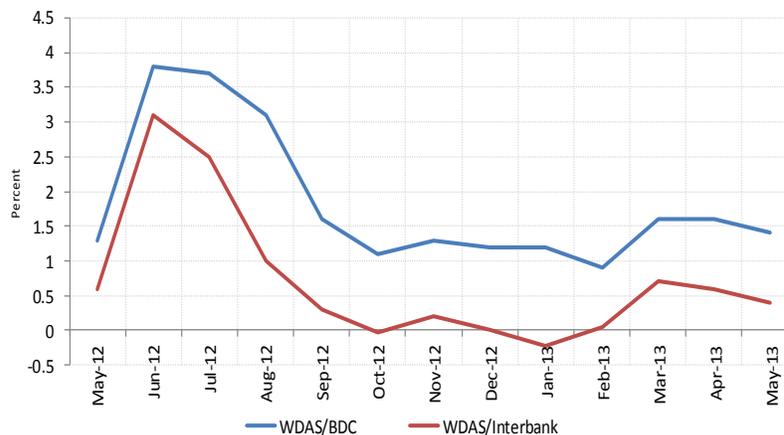


Table 16: Exchange Rate Movements and Exchange Rate Premium

	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13
Average Exchange Rate (N/\$)													
WDAS/RDAS	157.3	157.4	157.4	157.4	157.3	157.3	157.3	157.3	157.3	157.3	157.3	157.3	157.3
BDC	159.7	163.4	163.3	162.2	159.8	159.0	159.3	159.3	156.1	158.8	159.8	159.8	159.6
Interbank	158.5	162.3	161.3	159.0	157.8	157.3	157.6	157.3	157.0	157.4	158.4	158.2	158.0
Premium (%)													
WDAS/BDC	1.3	3.8	3.7	3.1	1.6	1.1	1.3	1.2	1.2	0.9	1.6	1.6	1.4
WDAS/Interbank	0.6	3.1	2.5	1.0	0.3	0.0	0.2	0.0	-0.2	0.1	0.7	0.6	0.4

Figure 18: Exchange Rate Premium



5.5 Gross External Reserves

Gross external reserves, at the end of May 2013, stood at US\$47.70 billion, indicating a decline of 0.4 per cent below the level in the preceding month, but an increase of 29.5 per cent over the level in the corresponding period of 2012. A breakdown of the reserves showed that the Federation Account portion (Excess Crude) was US\$7.26 billion (15.2 per cent), Federal Government holding was US\$1.56 billion (3.3 per cent) and CBN reserves stood at US\$38.88 billion (81.5 per cent), (Fig. 19, Table 17).

Relative to the preceding month, Gross external reserves decreased marginally in May 2013.

Figure 19: Gross External Reserves

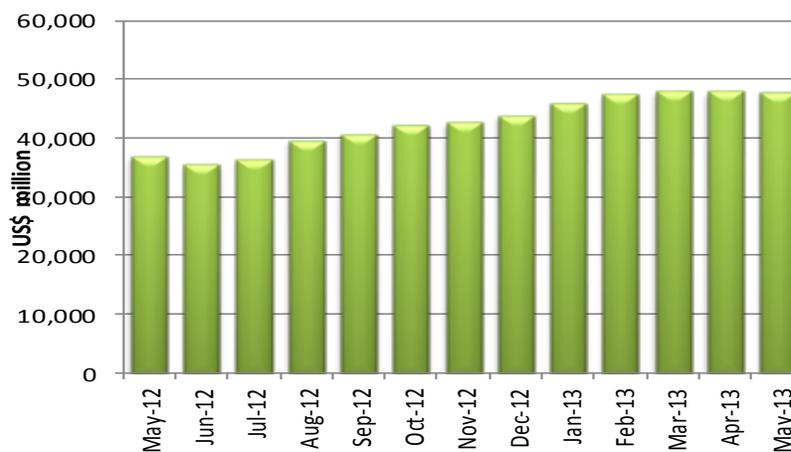


Table 17: Gross External Reserves (US\$ million)

Period	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13
External Reserves	36,839.53	35,412.50	36,205.32	39,309.81	40,636.76	42,228.69	42,568.16	43,830.42	45,824.44	47,295.85	47,884.12	47,993.09	47,702.88

6.0 Other International Economic Developments and Meetings

World crude oil output in May 2013 was estimated at an average of 90.14 million barrels per day (mbd), while demand was estimated at 88.71 million barrels per day (mbd), compared with 90.04 and 88.60 (mbd) supplied and demanded, respectively, in the preceding month. The increase in demand was attributed to growing consumer prices, labour market and a positive outlook for the housing sector in the United States as well as increased economic activities in China.

Other major international economic developments and meetings of importance to the domestic economy during the review period included: the 2013 Association of African Central Banks (AACB) Continental Seminar held in Lesotho from May 6-8, 2013. The theme of the Seminar was, "The Role of Central Banks in promoting Sustainable Economic Growth in Africa". The primary objective of the Seminar was to ensure that African central banks, in addition to their traditional mandate of price stability, also adopt measures aimed at promoting sustainable economic growth in their respective economies. In attendance were participants from member central banks, African Union (AU), Economic Commission for Africa (ECA), ECOWAS, West African Monetary Agency (WAMA) and West African Monetary Institute (WAMI), amongst others.

Furthermore, the 2013 Annual meeting of the African Development Bank (AfDB) was held in Marrakech, Morocco from May 27- June 1, 2013. The theme of the meeting was, "Africa's Structural Transformation". There were several debates and seminars that covered issues on financing for development, leadership for transformation, youth unemployment, inclusive growth, green economy and social business development. The meeting observed that illegal capital flights from Africa could be attributed to tax

evasion, corruption, mis-invoicing, transactions in contra-band goods and other illicit business across border. Recommendations included call for provisions on assets repatriation and improvement in the country-by country reporting system. Other Key outcomes from the meeting also included:

- The presentation of the Bank's economic outlook for Africa, which indicated a projected growth of 4.8 and 5.3 per cent for 2013 and 2014, respectively. The West African region was projected to grow at 6.7 and 7.4 per cent in 2013 and 2014, respectively;
- The launching of AfDB's new Ten-Year Strategy plan spanning 2013-2022 with five main channels through which the Bank would deliver its mandate and improve the quality of growth in Africa, including infrastructure financing, regional economic integration, private sector development, governance and accountability, skills and technology;.
- The launching of the AfDB's proposal "The Africa 50 Fund" to bring infrastructure financing to scale for transformational bankable projects through the mobilization of Africa's domestic resources; and
- The formal signing of the Bank's USD100 million unfunded Risk Participation Agreement (RPA) with Commerzbank AG under which two banks will share the default risk on a portfolio of eligible trade transactions originated by African Issuing banks.

In another development, the Executive Board of the International Monetary Fund (IMF) considered the Fund's bi-annual work programme during the review month. The Fund's work program will focus on assisting member countries in identifying emerging risks, potential financing needs as well as designing calibrated policies to encourage stronger and sustainable growth. In particular, in advanced economies, the Fund seeks to ensure an appropriate balance between supporting economic activity and

addressing underlying fiscal, financial and private balance sheet risks. In emerging economies, the Fund analysis and policy advice will focus on assisting countries re-calibrate their policy mix, manage volatile flows and limit financial stability risks. In low income countries, the Fund will assist countries in rebuilding policy buffers, while meeting infrastructure and social needs. In the Middle East and North Africa, the Fund seeks to provide support as appropriate and help build capacity in the region.

The Fund will, further, support in addressing medium term structural issues in a number of ways;

- Support jobs and Growth through an examination of macroeconomic and structural factors that might enhance and sustain growth and support job creation;
- Narrowing global imbalances and anticipating spillovers- The Fund will enhance its analysis of multilateral policy consistency and cross border spillovers;
- Building capacity- Improve on its effectiveness of capacity building and improve its delivery and outreach;
- The Fund will continue to assist members in identifying and dealing with risks to fiscal and debt sustainability; and
- Fund efforts will focus on providing support to the global regulatory reform agenda, implementing macro prudential policies to strengthen financial systems

Finally, the West African Monetary Agency, (WAMA), in collaboration with the Central Bank of West African States (BCEAO) organized a Regional workshop on Harmonization of Regulations Governing Current and Capital Account Transactions in ECOWAS. The workshop which took place from May 13-15, 2013 with the objective of developing a common regional framework that would facilitate liberalization of current and capital account transactions in the region. The following were some of the recommendations made:

- All member countries to accede to Article VIII of the IMF Statutes;
- Countries' should strengthen their financial sector's supervisory framework and accelerate the harmonization of regulatory and supervisory frameworks of banks and non-bank financial institutions
- Develop a capital market infrastructure and accelerate the process of financial market integration in ECOWAS;
- Gradual lift of restrictions on foreign exchange controls and foreign direct investments;
- Set up the process towards the adoption of an ECOWAS Liberalization Scheme on Service, similar to the existing one in place for goods within the region;
- Establish effective systems and procedures for monitoring capital flows, in particular short-term flows and short-term external commitments by residents in order to limit excessive risk taking by financial market operators.
- Fast-track the adoption, ratification and implementation process of the regional code on investment and
- Removal of tariff and non-tariff barriers undermining the effective enforcement of the ECOWAS Protocols on free movement of persons and goods.

APPENDIX TABLES

Table A1: Money and Credit Aggregates

	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13
Domestic Credit (Net)	14,529.8	13,029.3	13,048.4	13,393.4	13,392.9	13,905.8	13,788.2
<i>Claims on Federal Government (Net)</i>	2,406.7	(2,106.4)	(1,944.3)	(1,691.8)	(1,869.0)	(1,502.3)	(1,703.8)
Central Bank (Net)	(411.2)	(3,605.2)	(3,548.9)	(3,363.0)	(3,393.0)	(3,057.8)	(3,032.6)
Banks	2,817.8	1,498.4	1,594.0	1,646.8	1,510.9	1,520.9	1,287.6
Merchant Bank		-	10.5	24.4	13.1	34.6	41.1
Non Interest Banks	-	0.3	0.4		-	-	-
<i>Claims on Private Sector</i>	15,424.2	15,135.7	14,992.7	15,085.2	15,261.9	15,408.2	15,492.0
Central Bank	4,822.7	4,692.3	4,698.4	4,741.6	4,754.8	4,795.0	4,687.4
Banks	10,600.1	10,441.0	10,283.5	10,332.5	10,490.5	10,582.0	10,763.5
Merchant Bank			8.3	8.0	11.6	25.1	34.3
Non Interest Banks	1.3	2.5	2.5	3.1	5.1	6.1	6.8
<i>Claims on Other Private Sector</i>	14,779.3	14,469.8	14,312.0	14,435.5	14,599.9	14,717.3	14,839.9
Central Bank	4,822.7	4,692.3	4,698.4	4,741.6	4,754.7	4,795.0	4,687.4
Banks	9,955.3	9,775.1	9,603.2	9,683.0	9,828.7	9,891.9	10,112.1
Merchant Bank			7.9	8.0	11.4	24.4	33.6
Non Interest Banks	1.3	2.5	2.5	3.1	5.1	6.1	6.8
<i>Claims on State and Local Governm</i>	644.9	665.9	680.7	649.6	662.0	690.9	652.1
Central Bank	-	-	-	-	-	-	-
Banks	644.8	665.9	680.3	649.5	661.8	690.2	651.4
Merchant Bank			0.4	0.1	0.2	-	-
Non Interest Banks	-	-	-	-	-	-	-
<i>Claims on Non-financial Public Enterprises</i>							
Central Bank							
Banks							
Foreign Assets (Net)	8,732.3	9,044.0	9,272.1	9,753.1	9,686.3	9,558.2	9,407.0
Central Bank	6,979.2	7,393.9	7,610.0	7,973.4	7,992.2	7,746.4	7,703.4
Banks	1,751.0	1,647.9	1,659.9	1,777.6	1,691.9	1,809.8	1,701.5
Merchant Bank				-			
Non Interest Banks	2.0	2.2	2.1	2.1	2.1	2.1	2.0
Other Assets (Net)	(8,199.4)	(6,615.0)	(7,017.9)	(7,605.2)	(7,422.3)	(7,841.2)	(7,770.3)
Total Monetary Assets (M2)	15,062.7	15,458.3	15,302.5	15,541.2	15,656.9	15,622.9	15,424.9
Quasi-Money 1/	8,182.1	8,062.9	8,229.7	8,633.2	8,730.6	8,858.2	8,682.7
Money Supply (M1)	6,880.6	7,395,348.8	7,072.8	6,908.0	6,926.3	6,764.7	6,742.2
<i>Currency Outside Banks</i>	1,140.6	1,301.2	1,155.8	1,163.7	1,242.6	1,185.3	1,159.8
<i>Demand Deposits 2/</i>	5,740.0	6,094.2	5,917.1	5,744.2	5,683.7	5,579.4	5,582.4
Total Monetary Liabilities (M2)	15,062.7	15,458.3	15,302.5	15,541.2	15,656.9	15,622.9	15,424.9
<i>Memorandum Items:</i>							
Reserve Money (RM)	2,980.2	3,704.5	3,401.5	3,763.4	3,911.5	3,435.6	3,432.1
<i>Currency in Circulation (CIC)</i>	1,431.0	1,631.7	1,457.2	1,437.5	1,508.5	1,470.1	1,457.7
<i>DMBs Demand Deposit with CBN</i>	1,549.2	2,072.8	1,944.3	2,325.9	2,403.0	1,965.5	1,974.4

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)

	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13
Growth Over Preceding December (%)							
Domestic Credit (Net)	6.2	-4.8	0.2	2.8	2.8	6.7	5.8
<i>Claims on Federal Government (Net)</i>	-12.1	-324.0	7.7	19.7	11.3	28.7	19.0
<i>Claims on Private Sector</i>	8.8	6.7	-0.9	-0.3	0.8	1.8	2.4
<i>Claims on Other Private Sector</i>	8.1	5.9	-1.1	-0.2	0.9	1.7	2.6
<i>Claims on State and Local Government</i>	25.7	29.8	2.2	-2.4	-0.6	3.8	-2.1
<i>Claims on Non-financial Public Enterprises</i>							
Foreign Assets (Net)	22.3	26.7	2.5	7.8	7.1	5.7	4.0
Other Assets (Net)	-9.0	12.1	-6.1	-15.0	-12.2	-18.5	-17.5
Total Monetary Assets (M2)	13.2	16.2	-1.0	0.5	1.3	1.1	-0.2
Quasi-Money 1/	25.3	23.4	2.1	7.1	8.3	9.9	7.7
Money Supply (M1)	1.6	9.2	-4.4	-6.6	-6.3	-8.5	-8.8
<i>Currency Outside Banks</i>	-8.4	4.5	-11.2	-10.6	-4.5	-8.9	-10.9
<i>Demand Deposits 2/</i>	3.9	10.3	-2.9	-5.7	-6.7	-8.5	-8.4
Total Monetary Liabilities (M2)	13.2	16.2	-1.1	0.5	1.3	1.1	-0.2
Memorandum Items:							
Reserve Money (RM)	27.1	33.1	9.0	22.3	5.6	-7.3	-7.4
<i>Currency in Circulation (CIC)</i>	-8.6	4.2	-10.7	-11.9	-7.6	-9.9	-10.7
<i>DMBs Demand Deposit with CBN</i>	47.5	70.2	15.8	34.2	15.9	-5.2	-4.8
Growth Over Preceding Month (%)							
Domestic Credit (Net)	8.5	-9.3	0.2	2.6	0.0	3.8	-0.9
<i>Claims on Federal Government (Net)</i>	47.6	-135.5	7.7	13.0	-10.5	19.6	-13.4
<i>Claims on Private Sector</i>	2.1	-0.8	-0.9	0.6	1.2	1.0	0.5
<i>Claims on Other Private Sector</i>	2.0	-0.9	-1.1	0.9	1.1	0.8	0.8
<i>Claims on State and Local Government</i>	4.8	3.3	2.2	-4.6	1.9	4.4	-5.6
<i>Claims on Non-financial Public Enterprises</i>							
Foreign Assets (Net)	-0.4	3.6	2.5	5.2	-0.7	-1.3	-1.6
Central Bank	-0.4	5.9	-8.7	2.8	0.2	-3.1	-0.6
Banks	-5.1	-5.9	0.7	7.1	-4.8	7.0	-6.0
Other Assets (Net)	-5.6	17.6	-6.1	-8.4	2.4	-5.6	0.9
Total Monetary Assets (M2)	4.6	2.6	-1.0	1.6	0.7	-0.2	-1.3
Quasi-Money 1/	4.1	-1.5	2.1	4.9	1.1	1.5	-2.0
Money Supply (M1)	5.2	7.5	0.3	-0.2	0.3	-2.3	-0.3
<i>Currency Outside Banks</i>	-1.1	14.1	-11.2	0.7	6.8	-4.6	-2.2
<i>Demand Deposits 2/</i>	6.5	6.2	-2.9	-2.9	-1.1	-1.8	0.1
Total Monetary Liabilities (M2)	4.6	2.6	-1.0	1.6	0.7	-0.2	-1.3
Memorandum Items:							
Reserve Money (RM)	-2.0	24.3	-8.2	10.6	3.9	-12.2	-0.1
<i>Currency in Circulation (CIC)</i>	-1.9	14.0	-10.7	-1.4	4.9	-2.5	-0.9
<i>DMBs Demand Deposit with CBN</i>	-2.1	33.8	-6.2	19.6	3.3	-18.2	0.5

Table A3: Federal Government Fiscal Operations (₦ billion)

	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13
Retained Revenue	429.1	340.2	262.9	248.9	246.6	246.7	245.4	329.1	261.9	326.5	426.0	320.1	348.6
Federation Account	189.2	234.0	207.6	218.2	206.7	211.7	218.7	190.4	217.4	216.5	209.9	232.5	246.7
VAT Pool Account	8.7	8.9	8.6	7.6	8.7	8.1	9.3	9.0	8.3	9.4	9.0	9.2	7.9
FGN Independent Revenue	77.2	74.9	20.6	5.7	2.8	4.6	1.2	7.3	7.8	2.1	39.2	10.0	35.3
Excess Crude	34.4	0.0	0.0	0.0	0.0	0.0	0.0	79.0	0.0	0.0	0.0	0.0	0.0
Others	119.6	22.4	16.3	16.3	16.3	16.3	16.3	43.4	28.4	98.6	168.0	68.4	58.7
Expenditure	419.7	304.7	378.6	379.8	390.4	417.6	397.0	427.1	159.8	585.9	331.5	495.3	473.0
Recurrent	264.3	240.4	273.3	260.6	332.8	354.8	337.6	279.4	60.1	477.9	200.3	305.6	330.0
Capital	155.4	51.8	85.4	108.4	54.0	57.8	52.7	110.2	61.4	91.3	107.1	139.0	112.5
Transfers	20.2	20.2	18.5	18.9	3.7	5.0	6.6	37.5	38.4	16.7	24.1	50.7	30.5
Overall Balance: Surplus(+)/Deficit(-)	9.4	33.5	-115.7	-130.9	-143.9	-132.9	151.6	-98.0	102.0	-259.3	94.5	-175.2	-124.4

