



CENTRAL BANK OF NIGERIA

ECONOMIC REPORT
MAY 2014

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>	11
2.3.5	<i>Primary Market</i>	12
2.3.6	<i>Bonds Market</i>	12
2.3.7	<i>CBN Standing Facilities</i>	12
2.4	Deposit Money Banks' Activities.....	13
2.5	Discount Houses' Activities	13
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: Supplementary Listing on the Nigerian Stock Exchange.....	16
Table 5: Market Capitalization and All Share Index.....	17
Table 6: Gross Federation Account Revenue	19
Table 7: Components of Gross Oil Revenue	20
Table 8: Components of Gross Non-Oil Revenue.....	21
Table 9: Federal Government Fiscal Operations.....	22
Table 10: Disbursement of Credit Under the Commercial Agriculture Credit Scheme (CACs)	26
Table 11: Average Crude Oil Prices in the International Oil Market.....	28
Table 12: Consumer Price Index.....	30
Table 13: Headline Inflation Rate	30
Table 14: Foreign Exchange Flows Through the CBN	32
Table 15: Demand for and Supply of Foreign Exchange	35
Table 16: Exchange Rate Movements and Exchange Rate Premium	36
Table 17: Gross External Reserves.....	37

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 Aggregate Domestic Credit to the Economy	7
Figure 3: Selected DMBs Interest Rates (Average)	101
Figure 4: Volume and Value of Traded Securities	15
Figure 5: Market Capitalization and All-Share Index	17
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 decelerated in the month of May 2014. On month-on-month basis, broad money (M_2), fell by 0.4 per cent, in contrast to the growth of 1.7 per cent in the preceding month. The development relative to the preceding month reflected the 1.8 and 0.3 per cent decline in domestic credit (net) and foreign assets (net) of the banking system, respectively, which more than offset the 3.3 per cent growth in other assets (net) of the banking system. Over the level at end-December 2013, M_2 , rose by 1.5 per cent. Narrow money supply (M_1) fell by 4.9 per cent below the level at the end of the preceding month, due to the 1.9 and 5.5 per cent decrease in its currency and demand deposit components, respectively. Reserve money (RM) fell by 3.7 per cent at the end of the review month.

Available data indicated mixed developments in banks' deposit and lending rates during the review month. With the exception of the average savings, 6 months and 12 months deposit rates, which fell by 0.01, 0.31 and 0.40 percentage point to 3.41, 9.76 and 9.29 per cent, respectively, in May 2014, all other deposit rates of various maturities rose from a range of 4.89–9.91 per cent in the preceding month to a range of 4.91–10.28 per cent. The spread between the weighted average term deposit and maximum lending rates narrowed by 0.05 percentage point to 17.14 per cent. Similarly, the margin between the average savings deposit and maximum lending rates narrowed by 0.04 percentage point to 22.43 per cent at the end of the review month. The weighted average interbank call rate, which stood at 10.50 per cent in the preceding month, rose to 10.63 per cent in May 2014, reflecting the liquidity condition in the inter-bank funds market.

Provisional data indicated that the value of money market assets outstanding at end-May 2014 was ₦7,106.04 billion, showing an increase of 0.9 per cent, in contrast to the decline of 1.9 per cent at the end of the preceding month. The development was attributed, to the 1.6 and 1.3 per cent increase in FGN Bonds and commercial paper outstanding, respectively, at end-May 2014. Developments in the Nigerian Stock Exchange (NSE) were bullish during the review month.

Gross Federally-collected revenue in May 2014 was estimated at ₦789.94 billion, showing a decrease of 14.8 per cent below the receipts in the preceding month. At ₦570.16

billion, gross oil receipts declined below the level in the preceding month. The decline in oil receipts relative to the preceding month was attributed to fall in receipts from petroleum profit tax, royalties and domestic crude oil and gas sales.

Non-oil receipts, at ₦219.68 billion (27.8 per cent of the federally collected revenue), was 27.7 per cent lower than receipts in the preceding month. The decrease in non-oil receipts (gross), relative to the level in the preceding month was attributed, largely, to the fall in independent revenue of the federal government. Federal Government estimated retained revenue in May 2014 was ₦296.67 billion, while total estimated expenditure was ₦349.24 billion. Thus, the fiscal operations of the Federal Government resulted in an estimated deficit of ₦52.57 billion, in contrast to the surplus of ₦84.79 billion recorded in the preceding month.

The dominant agricultural activities in May 2014 included planting of various crops. In the livestock subsector, farmers engaged in breeding and sanitization of poultry cages and cattle ranches, as well as re-stocking of livestock used during the Easter celebration. Crude oil export was estimated at 1.47 million barrels per day (mbd) or 45.57 million barrels during the month. The average price of Nigeria's reference crude, the Bonny Light (37^o API), was estimated at US\$112.22 per barrel, indicating an increase of 1.8 above the level in the preceding month.

The end-period headline inflation rate (year-on-year), in May 2014, was 8.0 per cent, 0.1 percentage point above its level in the preceding month. Inflation rate on a twelve-month moving average basis fell by 0.1 percentage point to 8.0 per cent from the level in the preceding month.

Foreign exchange inflow and outflow through the CBN in May 2014 was US\$3.17 billion and US\$4.82 billion, respectively, and resulted in a net outflow of US\$1.65 billion. Foreign exchange sales by the CBN to the authorized dealers amounted to US\$3.82 billion, showing an increase of 5.0 per cent, compared with 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 at the three segments of the market. Non-oil export receipts rose significantly by 45.3 per cent above the level in the preceding month. The development was attributed, largely, to the increase in export earnings from industrial, agricultural

and manufacturing sectors.

World crude oil output in May 2014 was estimated at 90.99 million barrels per day (mbd), while demand was estimated at 91.14 million barrels per day (mbd), representing an excess demand of 0.15 mbd, compared with 90.56 and 91.02 mbd supplied and demanded, respectively, in the preceding month.

Other major international economic developments and meetings of importance to the domestic economy during the review period included: the joint IMF (International Monetary Fund)-Mozambique Conference on "Africa Rising: Building to the Future" held in Maputo, Mozambique from May 29-30, 2014. Participants identified some challenges, including weak infrastructure, low technological base, low intra-regional trade, over dependence on natural resources amongst others, as major cause of unemployment and poverty in Africa. They therefore made some recommendations which included: increased investment in infrastructure, building of institutions, investment in people, promotion of financial inclusion and stable financial markets.

2.0 *Financial Sector Developments*

2.1 Monetary and Credit Developments

Growths in the major monetary aggregates decelerate at the end of May 2014. Available data indicated mixed developments in banks' deposit and lending rates during the review month. The value of money market assets outstanding increased, owing, largely, to the rise in FGN Bonds and Commercial Paper at the end of the review month. Developments on the Nigerian Stock Exchange (NSE) were bullish.

Provisional data indicated that growth in the major monetary aggregate decelerated in May 2014. Broad money supply (M_2), at ₦15,907.5 billion, fell by 0.4 per cent, on month-on-month basis, but contrasted with the growth of 1.7 per cent at the end of the preceding month. The development, relative to the preceding month, reflected the 1.8 and 0.3 per cent decline in domestic credit (net) and foreign assets (net) of the banking system, respectively, which more than offset the 3.3 per cent growth in other assets (net) of the banking system. Relative to its level at end-December 2013, broad money supply (M_2), however, rose by 1.5 per cent due, wholly, to the 13.8 per cent increase in other assets (net) of the banking system.

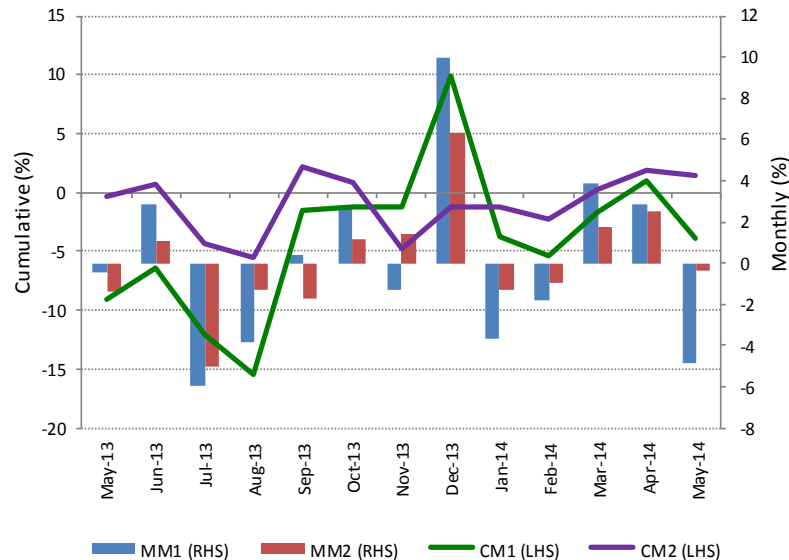
Growth in the major monetary aggregates decelerated on month-on-month basis at end-May 2014.

On month-on-month basis, narrow money supply (M_1), at ₦6,741.2 billion, declined by 4.9 per cent, in contrast to the growth of 2.8 per cent at the end of the preceding month. The development reflected the decrease of 1.9 and 5.5 per cent in its currency and demand deposit components, respectively. Relative to the level at end-December 2013, narrow money (M_1) also declined by 3.9 per cent due also to decline in its two components (Fig. 1).

Quasi-money increased by 3.1 per cent to ₦9,166.3 billion, compared with 0.9 per cent growth at the end of the preceding month. The development relative to the preceding month reflected, largely, the increase in time and savings deposits with commercial and

merchant banks. Over end-December 2013, quasi money grew by 5.9 per cent.

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



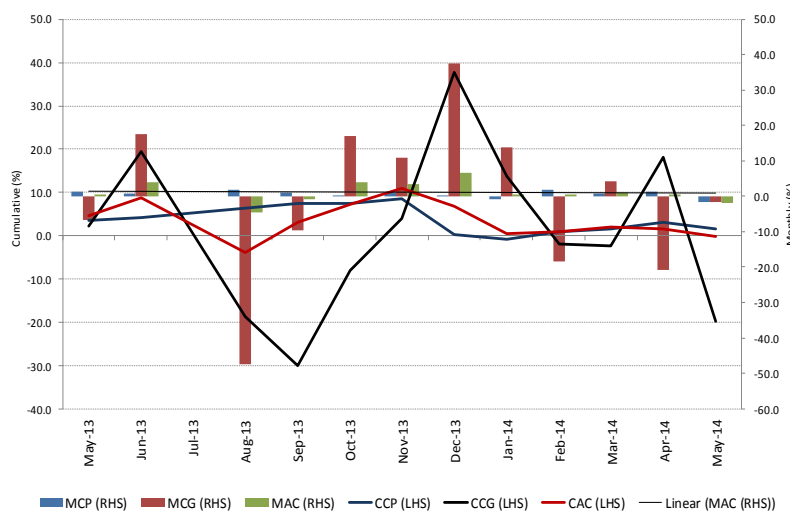
At ₦15,007.8 billion, aggregate banking system credit (net) to the domestic economy at end-May 2014 fell by 1.8 per cent, on month-on-month basis, compared with the decline of 0.4 per cent at the end of the preceding month. The development reflected the 1.6 and 1.5 per cent decline in net claims on the Federal Government and private sector, respectively. Over the level at end-December 2013, aggregate banking system credit (net) to the domestic economy fell by 0.2 per cent, due wholly, to the 19.9 per cent decline in net claims on the Federal Government.

Banking system's credit (net) to the Federal Government, on month-on-month basis, fell by 1.6 per cent to negative ₦1,761.40 billion at end-May 2014, compared with the 20.9 and 2.1 per cent decline at the end of the preceding month and the corresponding period of 2013, respectively. The development relative to the preceding month was due to the decline in banking system's holdings of government securities. Over the level at end-December 2013, claims on the Federal Government (net) fell by 19.9 per cent. The

Federal Government, as in the preceding month, remained a net lender to the banking system at the end of the review month.

Banking system credit to the private sector, on month-on-month basis, fell by 1.5 per cent to ₦16,769.2 billion, in contrast to the growth of 1.4 per cent at the end of the preceding month. The development was due, wholly, to the 1.5 per cent decline in claims on the core private sector. Relative to the level at the end of December 2013, banking system's credit to the private sector rose by 1.6 per cent, compared with the growth of 3.1 and 2.2 per cent recorded at the end of the preceding month and the corresponding period of 2013, respectively (Fig. 2, Table 1).

Figure 2: Growth Rate of Aggregate Domestic Credit to the Economy¹



At ₦7, 693.0 billion, foreign assets (net) of the banking system fell by 0.3 per cent at end-May 2014, in contrast to the 1.4 per cent growth at the end of the preceding month. The development was attributed, largely, to the decrease of 8.1 per cent in net foreign asset holdings of

Foreign assets (net) of the banking system fell on month-on-month basis at end May 2014.

¹ 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 banks. Over the level at end-December 2013, net foreign assets (NFA) also declined by 9.6 per cent, compared with the decline of 9.4 per cent at the end of the preceding month. The decline, relative to end-December 2013, reflected the 9.0 and 12.2 per cent fall in the net foreign asset holdings of the central bank and banks, respectively.

Other assets (net) of the banking system, on a month-on-month basis, increased by 3.3 per cent to negative ₦6,793.4 billion, same as the growth recorded at the end of the preceding month. Over the level at end-December 2013, however, other assets (net) of the banking system rose by 13.9 per cent, compared with the 10.9 per cent increase at the end of the preceding month.

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

	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14
Domestic Credit (Net)	0.2	0.4	4.0	-4.6	-0.8	4.1	3.4	6.7	0.5	0.4	1.2	-0.4	-1.8
<i>Claims on Federal Government (Net)</i>	-2.1	-6.6	-17.6	-47.4	-9.5	17.0	10.9	37.7	13.9	-18.4	4.3	-20.9	-1.6
<i>Claims on Private Sector</i>	0.5	1.3	0.7	1.9	1.1	0.0	1.1	0.4	-0.8	1.8	0.7	1.4	-1.5
<i>Claims on Other Private Sector</i>	0.8	1.3	0.3	2.0	1.3	0.0	0.8	-0.1	-1.2	2.2	0.7	1.5	-1.6
Foreign Assets (Net)	-1.6	-4.1	-1.2	1.0	-0.8	-0.3	-2.4	-1.9	3.2	-8.3	0.7	1.4	-0.3
Other Assets (Net)	-1.2	6.9	-17.8	4.5	-1.2	-4.5	-0.6	1.9	0.0	6.1	2.0	3.3	3.3
Broad Money Supply (M2)	-1.4	1.1	-5.0	-1.3	-1.8	1.2	1.4	6.3	-1.3	-1.0	2.5	1.7	-0.4
Quasi-Money	-2.0	-0.3	-4.2	0.7	-3.4	0.0	3.6	3.6	0.6	-0.3	1.4	0.9	3.1
Narrow Money Supply (M1)	-0.5	2.9	-6.0	-3.9	0.4	2.7	-1.3	10.0	3.7	-1.8	3.9	2.8	-4.9
Reserve Money (RM)	-0.1	-5.7	19.7	9.1	10.0	3.0	3.0	24.6	-2.8	-2.7	-4.2	5.2	-3.7

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

At ₦1,517.6 billion, currency-in-circulation fell by 3.3 per cent in the review month, compared with the decline of 0.3 per cent recorded at the end of the preceding month. The development, relative to the preceding month, reflected, largely, the 1.9 per cent decline in its currency outside banks component.

Total deposits at the CBN amounted to ₦7,405.2 billion, indicating a decrease of 0.4 per cent below the level at the end of the preceding month. The development

reflected, largely, the decrease in deposits of DMBs and “Others” which more than offset the increase in deposits by the Federal Government. Of the total deposits, the percentage shares of the banks, private sector and “others” were 48.4, 6.5 and 45.1 per cent, respectively.

Reserve money (RM) fell by 3.7 per cent to ₦5, 099.6 billion at the end of the review month, reflecting the trends in currency-in-circulation and DMBs' deposits at the CBN.

Reserve money (RM) fell during the review period.

2.3 Money Market Developments

Available data indicated that money market indicators were relatively stable as inflow of funds outstripped the outflow and kept the banking system sufficiently liquid during May 2014. The monetary policy rate (MPR) was retained at 12.00 per cent during the month. Also, public sector Cash Reserve Ratio (CRR) and Liquidity Ratio (LR) were also retained at 75.0 and 30.0 per cent, respectively, while the Net Open Position (NOP) limit of banks remained at 1.00 per cent. Throughout the review month, money market rate reflected the liquidity condition in the market. Consequently, short-term interest rates at the Open Buy Back (OBB) and Overnight Night (ON) segments of the money market were below the monetary policy rate. In addition, treasury bills and FGN Bond rates declined relative to their levels in the preceding month. The CBN also intervened periodically through the Open market Operations (OMO) for liquidity management purposes.

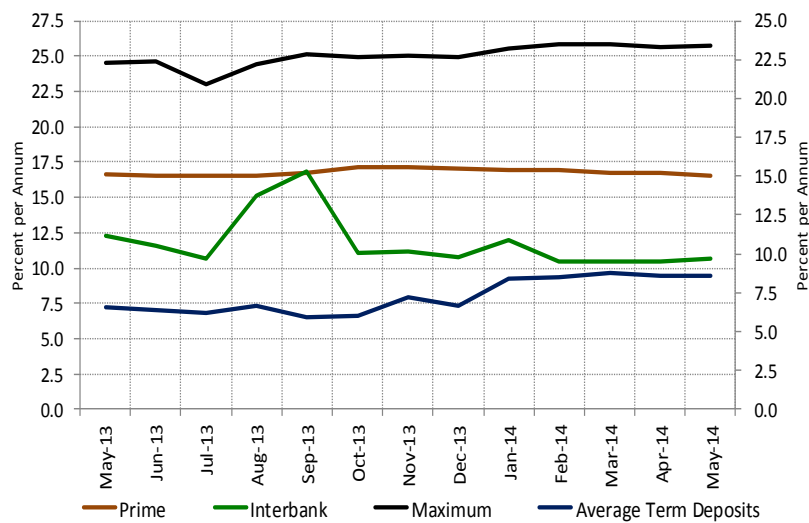
Provisional data indicated that the value of money market assets outstanding at end-May 2014 was ₦7,106.04 billion, indicating an increase of 0.9 per cent, over the level in the preceding month. The development reflected the 1.6 and 1.3 per cent per cent increase in FGN Bond holdings and commercial paper outstanding, respectively.

Developments in interest rates were mixed in May 2014.

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 the average savings, 6 months and 12 months deposit rates, which fell by 0.01, 0.31 and 0.40 percentage points to 3.41, 9.76 and 9.29 per cent in May 2014, all other deposit rates of various maturities rose from a range of 4.89 – 9.91 per cent in the preceding month to a range of 4.91 – 10.28 per cent. At 8.62 per cent, the average term deposit rate rose by 0.03 percentage point above the level in the preceding month. Similarly, the average maximum lending rate rose by 0.13 percentage point to 25.76 per cent. However, the average prime lending rate fell by 0.2 percentage point to 16.50 per cent during the review month. Consequently, the spread between the weighted average term deposit and maximum lending rates narrowed by 0.05 percentage point to 17.14 per cent. Similarly, the margin between the average savings deposit and maximum lending rates narrowed by 0.04 percentage point to 22.43 per cent at the end of the review month.

At the interbank call segment, the weighted average rate, which stood at 10.50 per cent in the preceding month, rose to 10.63 per cent at end-May 2014. The weighted average rate at the open-buy-back (OBB) segment fell by 0.23 percentage point to 10.38 per cent in the review month. Similarly, the Nigeria interbank offered rate (NIBOR) for 7-day tenor declined to 10.66 per cent from 11.41 per cent, while the 30-day tenor rose to 12.41 per cent over 11.80 per cent recorded in the preceding month. With the headline inflation rate at 8.0 per cent at end-May 2014, most rates were positive in real terms with the exception of the average savings and 7-day rates (Fig. 3, Table 2).

Figure 3: Selected DMBs Interest Rates (Average)**Table 2: Selected Interest Rates (Percent, Averages)**

	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14
Average Term Deposits	6.55	6.35	6.16	6.72	5.90	6.01	7.21	6.69	8.43	8.49	8.73	8.59	8.62
Prime Lending	16.66	16.56	16.53	16.55	16.76	17.10	17.17	17.01	16.95	16.93	16.69	16.70	16.50
Interbank	12.23	11.59	10.63	15.24	16.88	11.08	11.23	10.75	11.98	10.50	10.50	10.50	10.63
Maximum Lending	24.57	23.58	23.05	24.46	25.12	24.90	25.00	24.90	25.52	25.83	25.80	25.63	25.76

2.3.2 Commercial Paper (CP)

The value of commercial paper (CP) held by the DMBs rose by 1.3 per cent to ₦10.61 billion at the end of May 2014, compared with ₦10.47 billion at the end of the preceding month. The development was due to the increase in investment in CP by the commercial banks during the review month. Thus, CP constituted 0.15 per cent of the total value of money market assets outstanding during the review period, same as in the preceding month.

2.3.3 Bankers' Acceptances (BAs)

The value of bankers' acceptances (BAs) in the review month decreased by 18.1 per cent to ₦24.84 billion, compared with ₦30.33 billion at the end of the preceding month. The development was attributed to

the decrease in investment in BAs by the banks during the month. Consequently, BAs accounted for 0.43 per cent of the total value of money market assets outstanding at the end of May 2014, compared with 0.35 per cent at the end of the preceding month.

2.3.4 *Open Market Operations*

The Bank intervened five (5) times in the money market through direct OMO auctions. Six (6) maturities, ranging from 77- to 122- day tenors were traded in the review month. Total amount offered, subscribed to and allotted were ₦320.00 billion, ₦1,359.97 billion and ₦929.2 billion, respectively, compared with ₦170.00 billion, ₦359.33 billion and ₦285.94 billion in the preceding month. The bid rates ranged from 9.95 – 12.00 per cent, while the stop rate ranged between 10.80 - 11.00 per cent, compared with the 12.00 – 13.10 per cent recorded in the preceding month. During the month, CBN bills amounting to ₦895.05 billion matured and were repaid.

2.3.5 *Primary Market*

Nigerian Treasury Bills of 91-, 182- and 364-day tenors were auctioned at the primary market in May. Total amount offered, subscribed to and allotted stood at ₦278.39 billion, ₦1,331.92 billion and ₦278.51 billion, respectively, compared with ₦334.27 billion, ₦1,214.90 billion and ₦422.00 billion in April 2014. The bid-to-cover ratios were 1.92, 4.70 and 6.59 for the 91-, 182- and 364-day tenors, respectively. Two tenors were above the 2.0 bid-cover threshold ratios, indicating strong investors' preference for medium to long-term tenor government bonds during the review period.

2.3.6 *Bonds Market*

FGN Bonds of two maturities, the 13.05% FGN August 2016 and the 14.20 % FGN March 2024 were re-opened in the month of May 2014. The two maturities traded with time to maturity of 2 years 3 months for the 3-year bonds and 9 years 10 months for the 10-year bond. Total amount offered, subscribed to and allotted for the 13.05% FGN August 2016 tranche were ₦35.00

Two FGN Bonds were reopened during the review month.

billion, ₦141.04 billion, and ₦35.00 billion, while for the 14.20% FGN March 2024 tranche, the respective amounts were ₦35.00 billion, ₦97.99 billion, and ₦35.00 billion. The bid rates on all the tranches ranged from 10.00-14.20 per cent, while the marginal rates were 11.99 and 12.55 per cent for the 3- and 10-year tenors, respectively. In the preceding month, the 3- and 10-year tenors were re-opened and were issued at marginal rates of 13.15 and 3.10 per cent, respectively. The amount offered, subscribed to and allotted, were ₦50.00 billion, ₦183.07 billion and ₦50.00 billion, respectively.

2.3.7 CBN Standing Facilities

Aggregate Standing Lending Facility (SLF) granted during the review period was ₦38.8 billion, reflecting a daily average of ₦2.28 billion, compared with ₦50.13 billion and a daily average of ₦2.51 billion in the preceding month. The total amount granted indicated a decrease of 22.5 per cent, compared with the level in the preceding month. Interest earned on SLF was ₦0.02 billion, compared with ₦0.19 billion earned in the preceding month. The aggregate Standing Deposit Facility (SDF) stood at ₦8,008.26 billion with a daily average of ₦421.37 billion, indicating a decrease of 0.04 per cent below the level in the preceding month. Interest paid on SDF totalled ₦3.17 billion, compared with ₦3.44 billion in the preceding month. The developments reflected the liquidity condition in the market during the review month.

2.4 Deposit Money Banks' Activities

Available data indicated that total assets and liabilities of the deposit money banks (DMBs) amounted to ₦24,638.8 billion, showing a decline of 0.6 per cent below the level at the end of the preceding month. Funds were sourced mainly from increased mobilisation of time, savings, and foreign currency deposits, increased foreign liabilities and disposal of unclassified assets. The funds were used, largely, to reduce demand and central government deposits.

DMBs' Credit to the domestic economy rose by 1.9 per cent during the month.

At ₦12,916.6 billion, banks' credit to the domestic economy rose by 1.9 per cent compared with the level at the end of the preceding month. The development was attributed to the 45.3 per cent increase in banks' credit to the Federal Government, which more than offset the 0.3 per cent fall in banks' credit to the private sector during the review month.

Total specified liquid assets of the DMBs stood at ₦5,453.44 billion, representing 40.1 per cent of their current liabilities. At that level, the liquidity ratio rose by 0.4 percentage point above the level in the preceding month, and was 10.1 percentage points above the stipulated minimum ratio of 30.0 per cent. The loans-to-deposit ratio, at 57.1 per cent, was 1.1 percentage points above the level at the end of the preceding month, but was 22.9 percentage points below the prescribed maximum ratio of 80.0 per cent.

2.5 Discount Houses' Activities

Provisional data indicated that total assets and liabilities of the discount houses stood at ₦187.9 billion at end-May 2014, showing an increase of 32.7 per cent above the level at end-April 2014. The development was accounted for, largely, by the 23.5 and 390.5 per cent increase in claims on Federal Government and claims on banks, respectively. Correspondingly, the increase in total liabilities was attributed, largely, to the 11.2 and 64.0 per cent growth in money-at-call and other liabilities, respectively.

Discount houses' investment in Federal Government securities of less than 91-day maturity rose to ₦68.7 billion and accounted for 47.6 per cent of their total liabilities. Thus, investment in Federal Government Securities was 12.4 percentage points below the prescribed minimum level of 60.0 per cent. At that level, discount houses' investment in NTBs fell by 6.1 per cent below the level at the end of the preceding month. Total borrowing by the discount houses was ₦83.9 billion, while their capital and reserves amounted to ₦30.9 billion. This resulted in a gearing ratio of 2.7:1,

compared with the stipulated maximum target of 50:1 for fiscal 2014.

2.6 Capital Market Developments

2.6.1 Secondary Market

Available data at end-May 2014 indicated that activities on the Nigerian Stock Exchange (NSE) were bullish. The volume of traded securities (equities and bonds) stood at 7.6 billion shares, in 95,998 deals, indicating an increase of 1.8 per cent above the level in the preceding month, while the value of traded securities stood at ₦100.9 billion, indicating an increase of 8.9 per cent, compared with the level in the preceding month. Most of the transactions were accounted for by trading activities in the financial services sector with 5.6 billion shares valued at ₦57.7 billion traded in 53,292 deals. The banking sub-sector remained the most active (measured by volume of shares traded) on the Exchange (Fig. 4, Table 3).

Figure 4: Volume and Value of Traded Securities

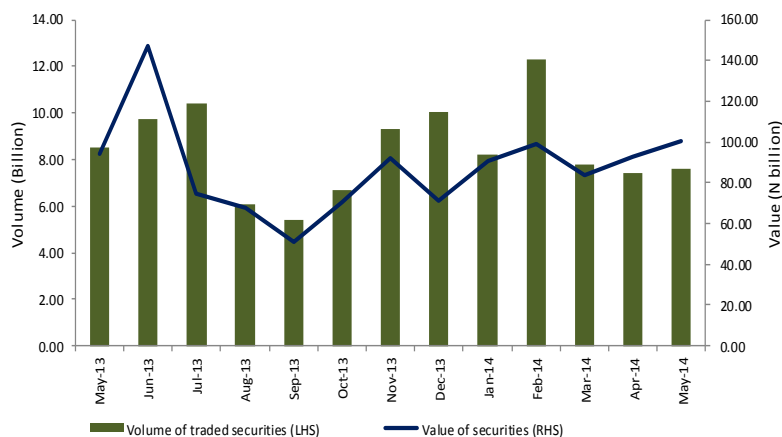


Table 3: Traded Securities on the Nigerian Stock Exchange (NSE)

	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14
Volume (Billion)	8.5	9.7	10.4	6.1	5.4	6.7	9.3	10.04	8.23	12.3	7.79	7.44	7.6
Value (N Billion)	94.36	146.9	74.9	67.8	51.1	70.6	92.3	71.12	91.0	99.4	83.6	92.6	100.9

2.6.2 Over-the-Counter (OTC) Bonds Market

There were no transactions on the Over-the-Counter (OTC) bonds market during the review month.

2.6.3 New Issues Market

There were two (2) each of new and supplementary listings on the Exchange during the review month.

Table 4: New/Supplementary Listings on the Nigerian Stock Exchange

S/N	Company	Additional Shares (Units)	Reasons	Listing
1	Seplat Petroleum Development Coy. Plc	10,026,183 ordinary shares	Oversubscription of Global IPO	Supplementary
2	Nigerian Aviation Holding Company	N2.5 Billion Fixed Rate Series 2 Bonds	N5 Billion Debt Issuance Programme	New
3	UACN Property Development Coy. Plc	343,749,999 shares	Bonus	Supplementary
4	Caverton Off Shore Support Group Plc	3,350,509,750 ordinary shares	IPO	New

2.6.4 Market Capitalization

The aggregate market capitalization for all the listed securities (equities and bonds) stood at ₦18.7 trillion at end-May 2014, indicating an increase of 10.0 per cent above the level at the end of the preceding month. Market capitalization for the equities segment also rose by 8.1 per cent to ₦13.7 trillion, and constituted 73.2 per cent of the total, compared with ₦12.7 trillion at the end of the preceding month.

2.6.5 NSE All-Share Index

The All-Share Index, which opened at 38,485.48 at the beginning of the month, closed at 41,474.40, representing an increase of 7.8 per cent above the level in the preceding month. At end-May 2014, with the exception of the NSE-ASeM, which remained unchanged at its level at the end of the preceding month, all other sectoral indices rose. The NSE Oil/Gas, NSE Banking, NSE-Consumer Goods, NSE- Industrial goods, NSE Insurance and NSE Lotus increased by 21.0, 13.1, 8.2, 4.8, 3.8 and 3.1 per cent, respectively, during the review month.

Figure 5: Aggregate Market Capitalization and All-Share Index

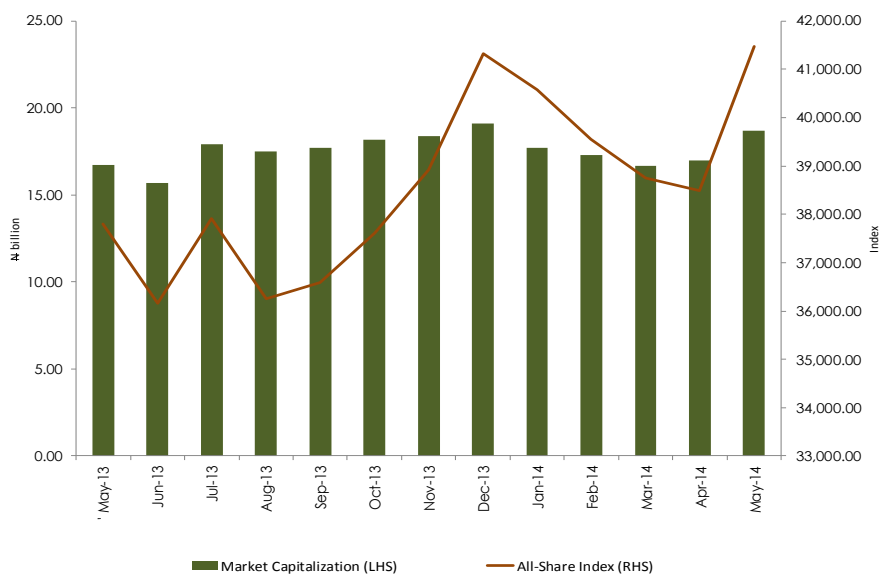


Table 5: Aggregate Market Capitalization and All Share Index (NSE)

	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14
Aggregate Market Capitalization (N-trillion)	18.2	18.4	19.1	17.7	17.3	16.7	17.0	18.7
All-Share Index	37,274.00	38,920.85	41,329.19	40,571.62	39,558.89	38,748.01	38,485.48	41,474.40

3.0 Fiscal Operations

3.1 Federation Account Operations

Available data showed that estimated federally-collected revenue in May 2014, at ₦789.84 billion, was lower than both the receipts in the preceding month and the corresponding period of 2013 by 14.8 and 1.7 per cent, respectively. The decrease in estimated federally-collected revenue (gross) relative to the preceding month, was attributed to the shortfall in receipts from both oil and non-oil revenue (Fig. 6, Table 6).

Gross federally-collected revenue decreased below its levels in the preceding month and the corresponding period of 2013.

Figure 6: Components of Gross Federally-Collected Revenue

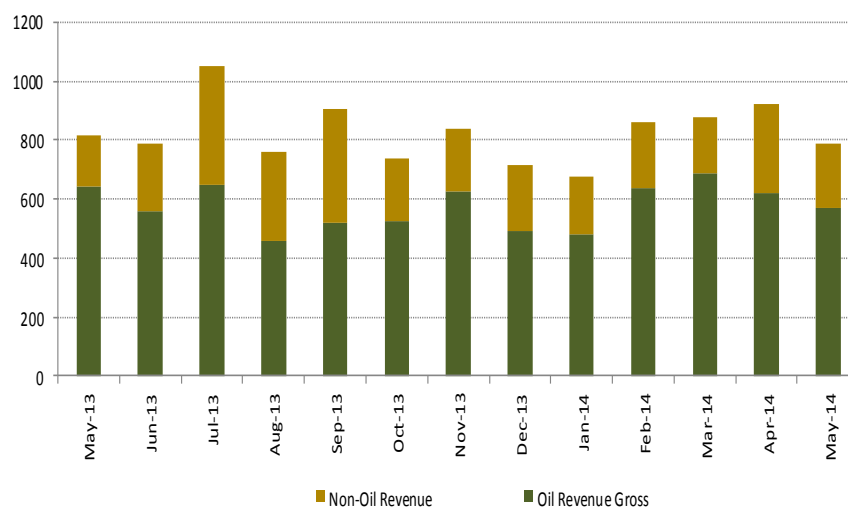


Table 6: Gross Federation Account Revenue (₦ billion)

	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14
Federally-collected revenue (Gross)	795.5	783.3	1079.7	760.9	905.3	740.3	744.0	717.6	682.5	845.5	875.4	926.6	789.8
Oil Revenue	641.0	559.4	645.7	457.2	519.9	526.4	521.3	490.8	482.0	637.8	689.1	622.9	570.2
Non-Oil Revenue	154.5	223.9	434.1	303.7	385.4	214.0	222.7	226.8	200.4	207.7	186.3	303.7	219.7

At ₦570.16 billion, gross oil receipts, which constituted 72.2 per cent of the total revenue, was lower than both the receipts in the preceding month and the corresponding period of 2013 by 8.5 and 12.1 per cent,

respectively. The decline in oil receipts relative to the preceding month was attributed to fall in receipts from petroleum profit tax and royalty, and domestic sales of oil and gas (Fig. 7, Table 7).

Figure 7: Gross Oil Revenue and Its Components

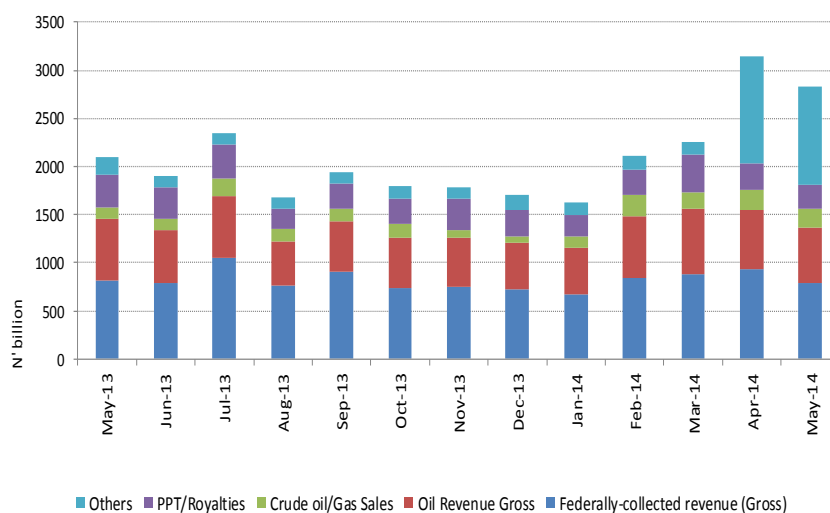


Table 7: Components of Gross Oil Revenue (N' billion)

	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14
Oil Revenue	641.0	559.4	645.7	457.2	519.9	526.4	521.3	490.8	482.0	637.8	689.1	622.9	570.2
Crude oil/Gas Sales	118.7	111.5	173.1	129.0	138.0	139.0	78.2	58.7	119.5	224.0	173.1	202.0	204.7
Domestic crude oil/Gas sales	187.8	114.3	113.8	109.3	118.0	124.0	114.7	145.3	123.0	128.2	127.3	125.3	118.2
PPT/Royalties	334.3	333.3	358.6	218.6	263.2	263.1	325.9	286.4	231.7	262.2	380.5	286.8	246.9
Others	0.2	0.3	0.2	0.3	0.7	0.2	2.5	0.4	7.8	23.3	8.1	8.8	0.3

The non-oil receipt (gross) fell below its level in the preceding month, but was higher than the level in the corresponding period of 2013.

At ₦219.68 billion, gross non-oil receipts, constituted 27.8 per cent of the total and was 27.7 per cent lower than the receipts in the preceding month. This was, however, higher than the level in the corresponding period of 2013 by 42.2 per cent. The decrease in non-oil revenue relative to the preceding month reflected, largely, the fall in receipt from independent revenue of the Federal Government (Fig. 8, Table 8).

Figure 8: Gross Non-Oil Revenue and its Components

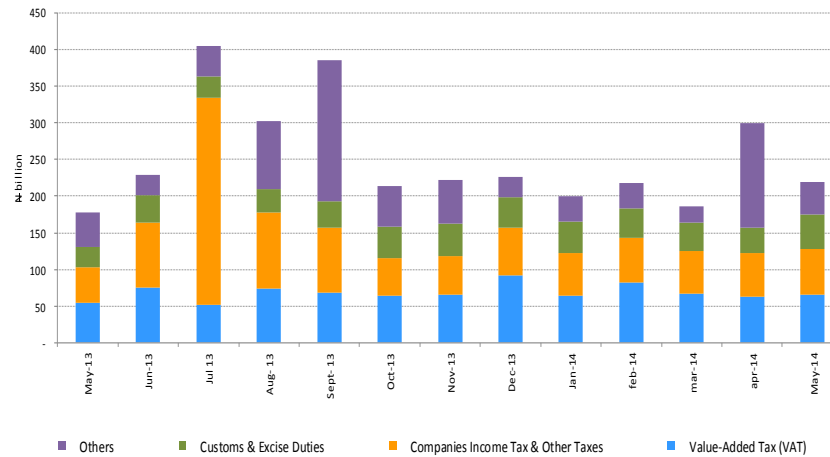


Table 8: Components of Gross Non-Oil Revenue (₦ billion)

	May-13	Jun-13	Jul-13	Aug-13	Sept-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14
Non-Oil Revenue	154.5	223.9	434.1	303.7	385.4	214.0	222.7	226.8	200.4	207.7	186.3	303.7	219.7
Value-Added Tax (VAT)	54.6	74.9	51.2	74.2	69.0	63.9	66.4	91.7	64.7	82.3	68.8	63.3	65.4
Companies Income Tax & Other Taxes	48.1	89.7	283.6	103.0	88.4	52.0	52.4	64.7	57.7	61.6	58.8	59.8	62.1
Customs & Excise Duties	28.2	37.0	29.1	33.0	35.4	42.5	44.1	42.3	43.1	39.7	38.8	34.6	47.2
Others	23.6	22.4	70.2	93.5	192.6	55.5	59.9	28.1	34.9	24.1	19.9	146.0	45.0

Of the gross federally-collected revenue, the sum of ₦527.96 billion (after 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 ₦249.06 billion, while the state and local governments received ₦126.33 billion and ₦97.39 billion, respectively. The balance of ₦55.18 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 ₦9.42 billion, while the state and local governments received ₦31.40 billion and ₦21.98 billion, respectively. Overall, the total allocation to the three tiers of government from the Federation and VAT Pool Accounts in the review month amounted to ₦626.32 billion, compared with ₦634.04 billion in the preceding month.

3.2 The Fiscal Operations of the Three Tiers of Government

3.2.1 The Federal Government

The estimated Federal government retained revenue was lower than the receipts in the preceding month.

At ₦296.67 billion, the estimated Federal Government retained revenue for May 2014 was lower than the receipts in the preceding month by 26.5 per cent, but was higher than the receipts in the corresponding period of 2013 by 4.9 per cent. Of the total amount, the Federation Account accounted for 83.9 per cent, while FGN Independent Revenue, SURE-P, and VAT Pool Accounts, accounted for 7.4, 5.5 and 3.2 per cent, respectively (Fig. 9, Table 9).

Figure 9: Sources of Federal Government Retained Revenue

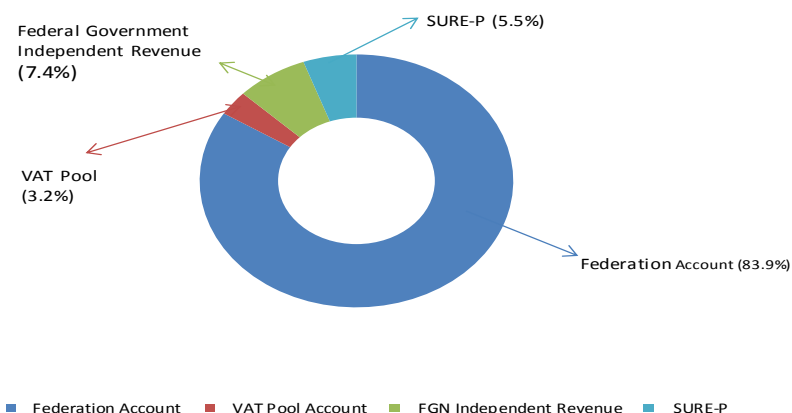


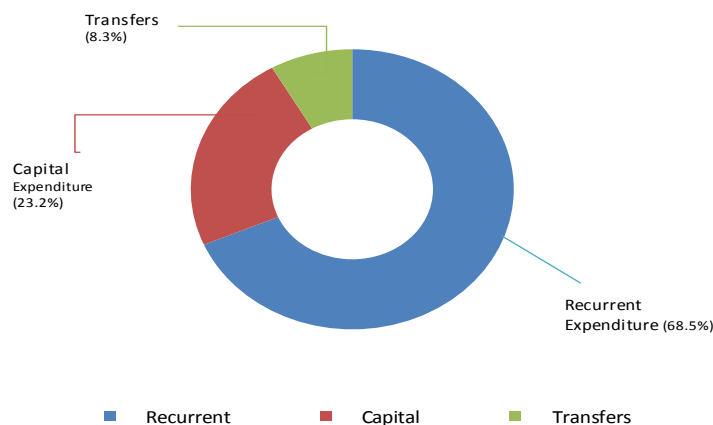
Table 9: Federal Government Fiscal Operations (₦ billion)

	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14
Retained Revenue	283.0	358.8	353.1	261.9	379.6	276.0	252.6	293.7	264.9	267.6	282.8	403.8	296.7
Expenditure	335.0	384.7	446.5	343.3	348.1	337.6	342.0	409.1	366.4	297.2	333.3	319.1	349.2
Overall Balance: (+)/(-)	-52.1	-25.8	-93.5	-81.5	31.5	-61.7	-89.5	-115.4	-101.5	-29.6	-50.5	84.8	-52.6

At ₦349.24 billion, total estimated expenditure for May 2014 was higher than the level in the preceding month by 9.5 per cent, but was lower than the level in the corresponding period of 2013 by 1.8 per cent. A breakdown of total expenditure showed that the recurrent expenditure accounted for 68.5 per cent, while the capital expenditure and transfer components accounted for the balance of 23.2 and 8.3 per cent, respectively. Non-debt obligations accounted for 62.8 per cent of the total recurrent expenditure, while debt service payments accounted for the balance of 37.2 per cent (Fig. 10).

Total estimated expenditure for May 2014 rose, compared with the level in the preceding month.

Figure 10: Federal Government Expenditure



Thus, the fiscal operations of the Federal Government resulted in an estimated deficit of ₦52.58 billion, compared with surplus of ₦84.79 billion recorded in the preceding month.

The fiscal operations of the FG resulted in an estimated deficit of ₦52.58 billion in May 2014.

3.2.2 Statutory Allocations to State Governments

Total receipts by state governments, including the share of VAT and the Federation Account stood at ₦225.80 billion. This was lower than the level in the preceding month and the corresponding period of 2013 by 2.5 and 1.0 per cent, respectively.

The breakdown showed that, at ₦31.4 billion or 13.9 per cent of the total, receipts from the VAT Pool Account was higher than the level in the preceding month and

the corresponding period of 2013 by 3.3 and 19.9 per cent, respectively. At ₦194.39 billion or 86.1 per cent of the total, state governments' receipt from the Federation Account was below the levels in the preceding month and the corresponding period of 2013 by 3.4 and 3.7 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 stood at ₦125.75 billion at end-May 2014. This was lower than the level in the preceding month by 1.7 per cent, but was higher than the level at the end of the corresponding period of 2013 by 1.4 per cent. Of this amount, receipts from the Federation Account was ₦103.76 billion (82.5 per cent of the total), while the VAT Pool Account accounted for ₦21.98 billion (17.5 per cent of the total).

4.0 Domestic Economic Conditions

The dominant agricultural activities in May 2014 included: Land preparation and planting of various crops. In the livestock subsector, farmers engaged in breeding and sanitization of poultry cages and cattle ranches, as well as re-stocking of livestock used during the Easter celebration. Crude oil production was estimated at 1.92 million barrels per day (mbd) or 59.52 million barrels during the month. The end-period inflation rate for May 2014, on a year-on-year basis, was 8.0 per cent, 0.1 percentage point above the level in the preceding month. The inflation rate on a 12-month moving average basis was 8.0 per cent, compared with the preceding month's level of 8.1 per cent.

4.1 Agricultural Sector

Available data indicated that agricultural activities were dominated by farmers engaged in planting of various crops, particularly yams, sorghum and groundnuts. Farming activities in Northern Nigeria were dominated by off-season harvest of some crops, land preparation and planting of crops. In the southern part of the country, agricultural activities involved planting as rainy season commenced. In the livestock subsector, farmers engaged in breeding and sanitization of poultry cages and cattle ranches, as well as re-stocking of livestock used during the Easter celebration.

A total of ₦997.1 million was guaranteed to 4,811 farmers under the Agricultural Credit Guarantee Scheme (ACGS) in May 2014. This represented an increase of 18.3 and 61.5 per cent above the levels in the preceding month and the corresponding period of 2013, respectively. A sub-sectoral analysis of the loans guaranteed indicated that the food crops sub-sector had the largest share of ₦441.04 million (44.2 per cent) guaranteed to 2,789 beneficiaries, while the mixed crops received ₦200.39 million (20.1 per cent) guaranteed to 881 beneficiaries. The livestock got, ₦177.08 million (17.7 per cent) guaranteed to 483 beneficiaries, while "Others" received ₦136.17 million (13.7 per cent) guaranteed to 269 beneficiaries. The fisheries sub-sector received the sum of ₦23.8 million

(2.4 per cent) guaranteed to 319 beneficiaries, while Cash crops received ₦18.6 million (1.9 per cent) guaranteed to 70 beneficiaries

Analysis by state showed that 32 states (including Abuja) benefited from the Scheme during the review month with the highest and lowest sums of ₦145.34 million (14.6 per cent) and ₦1.2 million (0.1 per cent) guaranteed to Yobe and Nasarawa states, respectively.

At end-May 2014, the total amount released by the CBN under the Commercial Agriculture Credit Scheme (CACs) to the participating banks for disbursement stood at ₦229.4 billion (for 304 projects).

At end-May 2014, the total amount released by the CBN under the Commercial Agriculture Credit Scheme (CACs) to the participating banks for disbursement stood at ₦229.4 billion for (304) three hundred and four projects/promoters (Table 10).

Table 10: Disbursement of Credit under the Commercial Agriculture Credit Scheme (CACs) May 2014.

S/N	Participating Banks	Amount Disbursed (₦ billion)	Number of Projects/State Governments
1	UBA Plc.	41.80	35
2	Zenith Bank	34.10	23
3	First Bank of Nigeria Plc	26.70	67
4	Unity Bank Plc	22.30	24
5	Union Bank Nigeria PLC	18.20	21
6	Sterling Bank Plc	12.30	17
7	Stanbic IBTC Plc	13.50	28
8	Access Bank Plc	12.10	14
9	Fidelity Bank Plc	10.90	8
10	Skye Bank Plc	9.60	7
11	GTBank Plc	5.80	9
12	FCMB Plc.	5.40	11
13	Ecobank	4.50	8
14	Citibank Plc	3.00	2
15	Diamond Bank Plc	3.00	13
16	Keystone Bank	2.10	3
17	Mainstreet Bank Plc	2.00	1
18	WEMA Bank Plc	1.10	6
19	Enterprise Bank Plc	0.50	6
20	Heritage Bank Plc	0.50	1
	TOTAL	229.40	304

4.2 Petroleum Sector

Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at an average of 1.92 million barrels per day (mbd) or 59.52 million barrels for the month. This was 0.02 mbd or 1.1 per cent higher than the 1.90 mbd or 57.00 million barrels produced in the preceding month.

Crude oil and natural gas production was estimated at an average of 1.92 million barrels per day.

Crude oil export was estimated at 1.47 mbd or 45.57 million barrels for the month. This represented an increase of 1.4 per cent, compared with 1.45 mbd or 43.50 million barrels recorded in the preceding month. Deliveries to the refineries for domestic consumption remained at 0.45 mbd or 13.95 million barrels in the review month.

At an estimated average of US\$112.22 per barrel, the price of Nigeria's reference crude, the Bonny Light (37° API), rose by 1.8 per cent above the level in the preceding month. The average prices of other competing crudes, namely the West Texas Intermediate at US\$102.03 per barrel; the U.K Brent at US\$109.67 per barrel; and the Forcados at US\$112.66 per barrel showed similar trend as the Bonny Light. The rise in crude oil prices was partly spurred by crude oil demand increase for the summer driving season and escalating violence in Ukraine which increased crude oil supply concerns.

The average prices of Nigeria's reference crude, the Bonny Light (37° API), the U.K Brent, the Forcados, and the West Texas Intermediate rose during the month.

The average price of OPEC basket of eleven selected crude streams was US\$105.44/b in May 2014. This represented an increase of 1.1 and 4.8 per cent, compared with the average price of US\$104.27/b and US\$100.65/b recorded in the preceding month and the corresponding period of 2013, respectively (Fig. 11, Table 11).

Figure 11: Trends in Crude Oil Prices

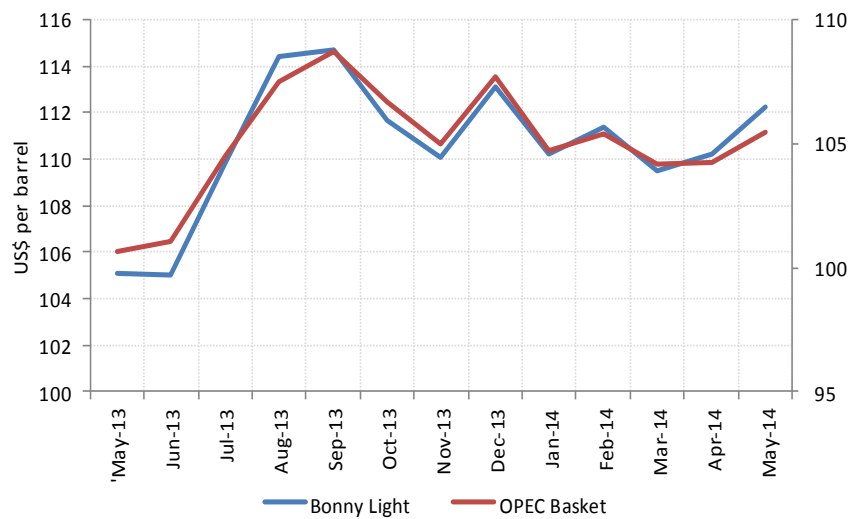


Table 11: Average Crude Oil Prices in the International Oil Market

	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14
Bonny Light	105.05	105	109.88	114.38	114.73	111.69	110.07	113.11	110.19	111.4	104.5	110.19	112.22
OPEC Basket	100.65	101.03	104.51	107.52	108.73	106.69	104.97	107.67	104.71	105.38	104.15	104.27	105.44

4.3 Consumer Prices

The general price level rose in May 2014, relative to the level in the preceding month, owing to the increase in the prices of food and non-food items.

Available data showed that the all-items composite Consumer Price Index (CPI) in May 2014 was 157.4, representing an increase of 0.8 and 8.0 per cent over the levels in the preceding month and the corresponding period of 2013, respectively. The development was attributed to increase in the prices of food and non-alcoholic beverages; housing; water; electricity, gas and other fuel.

The urban all-items CPI at end-May 2014 was 156.4 (November 2009=100), indicating an increase of 0.8 per cent, compared with the level in the preceding month. The rural all-items CPI for the month was 158.5 (November 2009=100), indicating an increase of 0.8 per cent, compared with 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 8.0 per cent, indicating an increase of 0.1 percentage point above its level in the preceding month. It, however, showed a decline of 1.0 percentage point below the level in the corresponding period of 2013. The inflation rate, on a twelve-month moving average basis, was 8.0 per cent, compared with 8.1 per cent in the preceding month (Fig. 13, Table 13).

The year-on-year headline inflation rate, at 8.0 per cent, was 0.1 percentage point above the level in April 2014.

The composite food index was 160.6, indicating an increase of 0.8 per cent above the level in the preceding month. The development was accounted for by the contributions of farm produce (rice, yam, potatoes and other tuber, vegetables, fruits, sorghum, and maize) and processed food (Table 12).

Figure.12:Consumer.Price.Index

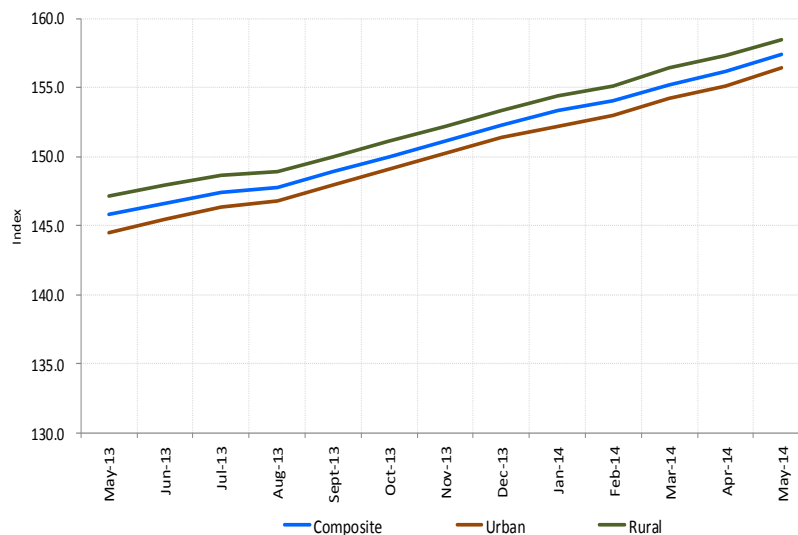


Table 12: Consumer Price Index (November 2009=100)

	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14
Composite	145.8	146.6	147.4	147.8	158.9	150.0	151.1	152.3	153.3	154.0	156.2	155.2	157.4
Urban	144.5	145.5	146.3	146.8	147.9	149.1	150.2	151.4	152.2	153.0	154.2	155.1	156.4
Rural	147.1	147.9	148.6	148.9	150.0	151.1	152.2	153.3	154.4	155.1	156.4	157.3	158.5
CPI - Food	146.4	147.5	148.4	149.2	150.4	151.6	152.9	154.3	155.5	156.5	158.0	159.3	160.6
CPI - Non Food	145.2	145.5	147.4	149.1	150.0	150.9	151.8	153.0	153.3	154.1	154.7	155.3	156.3

Figure 13: Inflation Rate

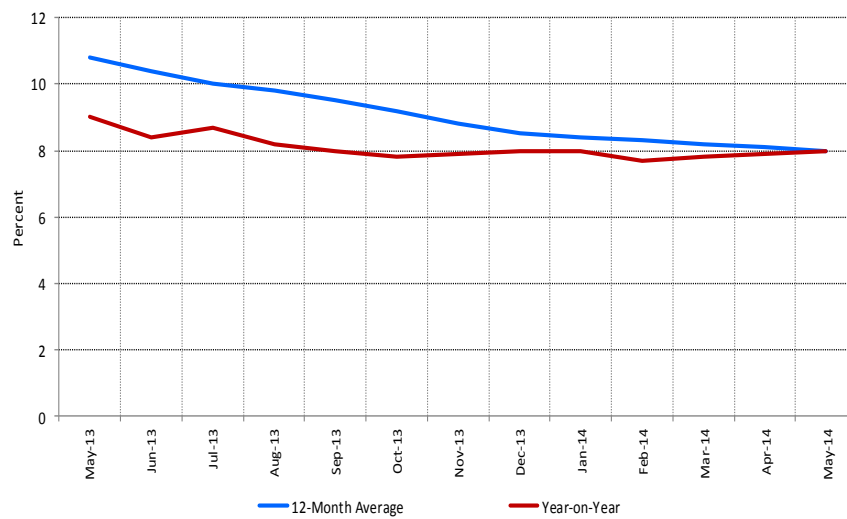


Table 13: Headline Inflation Rate (%)

	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14
12-Month Average	10.8	10.4	10.0	9.8	9.5	9.2	8.8	8.5	8.4	8.3	8.2	8.1	8.0
Year-on-Year	9.0	8.4	8.7	8.2	8.0	7.8	7.9	8.0	8.0	7.7	7.8	7.9	8.0

5.0 External Sector Developments

Provisional data indicated that foreign exchange inflow through the CBN fell by 16.1 per cent below the preceding month level, while outflow rose by 16.0 per cent above the preceding month. Total non-oil export receipts by banks increased by 45.3 per cent above the level in the preceding month. The gross external reserves fell by 4.5 per cent compared with the preceding month's level. The average exchange rates of the naira vis-à-vis the US dollar, appreciated by 0.003 per cent to N157.29 per US dollar at the retail Dutch Auction System (rDAS).

5.1 Foreign Exchange Flows

Provisional data indicated that foreign exchange inflow and outflow through the CBN in the review month was US\$3.17 billion and US\$4.82 billion, respectively, resulting in a net outflow of US\$1.65 billion, compared with the net outflow of US\$0.38 billion in the preceding month. Relative to the level in the preceding month, inflow fell by 16.1 per cent, but indicated an increase of 2.4 per cent above the level in the corresponding period of 2013. The decline in inflow compared with the preceding month was attributed to the 17.5 per cent fall in receipts from crude oil exports.

Foreign exchange outflow through the CBN rose by 16.0 and 49.1 per cent above the levels in the preceding month and the corresponding period of 2013, respectively. The development, relative to the preceding month was attributed, largely, to the increase in rDAS utilization and Other Official payments as well as the Eurobond proceed transfers of US\$0.35 billion by the Debt Management Office (DMO) during the review period (Fig. 14, Table 14).

Foreign exchange inflow through the CBN decreased by 16.1 per cent while outflow rose by 16.0 per cent in May 2014.

Figure 14: Foreign Exchange Flows through the CBN

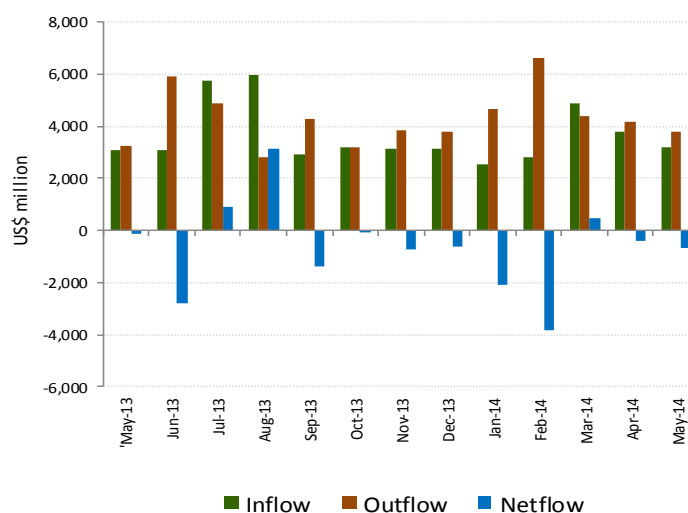


Table 14: Foreign Exchange Flows through the CBN (US\$ million)

	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14
Inflow	3095.5	3108.6	5778.3	5953.4	2946.0	3175.3	3125.5	3164.8	2543.6	2797.6	4880.3	3779.5	3171.3
Outflow	3233.7	5897.6	4891.3	2796.6	4308.1	3177.7	3837.8	3774.0	4652.2	6613.0	4407.7	4155.8	4819.2
Netflow	-138.2	-2789.0	887.0	3156.9	-1362.0	-2.4	-712.4	-609.3	-2108.6	-3815.4	472.6	-376.3	-1647.9

Autonomous inflows into the economy rose by 13.1 per cent in May 2014, in contrast with the level in the preceding month.

Provisional data on aggregate foreign exchange flows through the economy indicated that total inflow was US\$11.71 billion, representing a decrease of 14.0 and 11.7 per cent compared with the levels at the end of the preceding month and the corresponding period of 2013, respectively. The development, relative to the preceding month, was driven mainly by the decrease in crude oil exports receipts and inflow through autonomous sources (invisible purchases). Of the total inflows, receipts through the CBN and autonomous sources accounted for 27.1 and 72.9 per cent, respectively.

Non-oil public sector inflow, at US\$0.18 billion (1.6 per cent of the total), increased by 15.5 and 86.6 per cent above the levels in the preceding month and the corresponding period of 2013, respectively. Autonomous inflow, which accounted for 72.9 per cent

of the total, fell by 13.1 per cent below the level in the preceding month.

At US\$4.90 billion, aggregate foreign exchange outflow from the economy rose by 15.3 and 50.6 per cent above the levels in the preceding month and the corresponding period of 2013, respectively. Thus, foreign exchange flows through the economy resulted in a net inflow of US\$6.82 billion in the review month, compared with US\$9.36 billion and US\$10.01 billion in the preceding month and the corresponding month of 2013, respectively.

5.2 Non-Oil Export Earnings by Exporters

Provisional data indicated that total non-oil export earnings, at US\$714.4 million, rose by 45.3 per cent above the level in the preceding month. The development reflected, largely, the increase in the earnings from industrial, agriculture and manufacturing sectors. A breakdown by sectors showed that proceeds from industrial, manufactured, agriculture, minerals and food products, sub-sectors stood at US\$323.71, US\$145.95, US\$141.77, US\$97.22 and US\$5.73 million, respectively. The transport sector recorded no receipts during the review month.

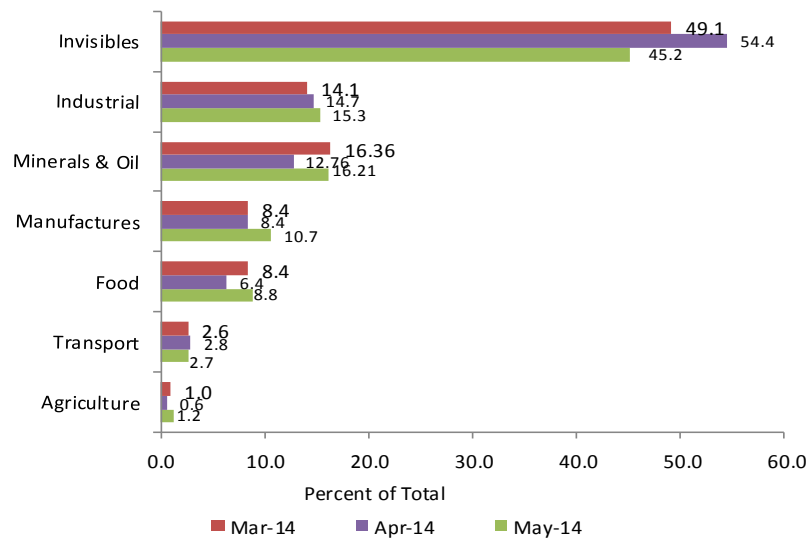
The shares of industrial, manufactured, agriculture, minerals and food products sub-sectors in non-oil export proceeds were 45.3, 20.4, 19.9, 13.6 and 0.8 per cent, respectively.

5.3 Sectoral Utilization of Foreign Exchange

The invisible sector accounted for 45.17 per cent of total foreign exchange disbursed in May 2014, followed by the minerals and oil sector (16.21 per cent). Other beneficiary sectors, in a descending order included: industrial sector (15.31 per cent); manufactured product (10.67 per cent); food products (8.79 per cent); transport (2.65 per cent); and agricultural products (1.20 per cent) (Fig.15).

Total non-oil export earnings by exporters increased in May 2014, on account of increased earnings from industrial, agriculture and manufacturing sectors.

The visible sector accounted for the bulk (54.83 per cent) of the total foreign exchange disbursed in May 2014.

Figure 15: Sectoral Utilisation of Foreign Exchange

5.4 Foreign Exchange Market Developments

Estimated aggregate demand for foreign exchange by authorized dealers under the retail Dutch Auction System (rDAS) and Bureau-de-change (BDC) was US\$3.43 billion in May 2014. This indicated a decline of 10.8 per cent below the level in the preceding month, but showed an increase of 36.7 per cent above the level in the corresponding month of 2013. A disaggregation of the total demand indicated that demand at rDAS spot and BDC segments stood at US\$2.81 and US\$0.62 billion, respectively. There was no demand at the rDAS-forward segment of the market.

A total of US\$3.82 billion was sold by the CBN to authorized dealers during the period, reflecting an increase of 5.0 and 36.1 per cent above the levels in the preceding month and the corresponding period of 2013, respectively (Fig.16, Table 15). Of the total sale, sales at the rDAS-spot and BDC segments were US\$2.93 and US\$0.62 billion, respectively. There were no interbank and rDAS forward sales in the review month. However, forward contracts at the rDAS segment valued at US\$0.27 billion matured during the month.

Figure 16: Demand for and Supply of Foreign Exchange

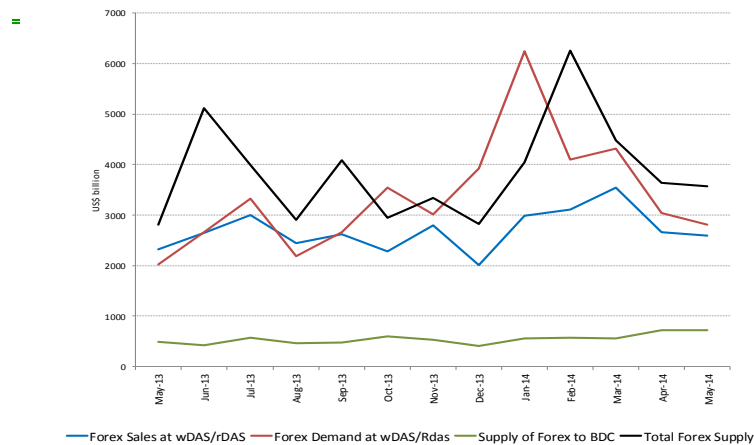


Table 15: Demand for and Supply of Foreign Exchange (US\$ billion)

	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14
Forex Sales at wDAS/Rdas	2318.7	2650.0	3000.0	2437.1	2625.2	2274.4	2796.5	2007.8	2989.4	3101.9	3151.6	2663.9	2928.5
Forex Demand at wDAS/Rdas	2019.2	2661.3	3325.6	2179.4	2660.1	3541.9	3006.3	3925.5	6236.7	4096.5	4320.0	3045.5	2805.7
Supply of Forex to BDC	487.6	427.2	575.4	466.5	480.5	598.4	522.7	404.8	556.3	567.1	561.0	712.8	619.8
Total Forex Supply	2806.3	5118.2	3988.6	2903.6	4084.3	2941.5	3335.6	2826.6	4038.7	6254.4	4091.5	3637.8	3819.6

Under the rDAS, the average exchange rate of the naira vis-à-vis the US dollar, appreciated marginally by 0.003 and 0.009 per cent to ₦157.29 per US dollar, compared with the levels in the preceding month and the corresponding period of 2013, respectively. At the BDC segment, the average exchange rate, at ₦166.85 per US dollars, appreciated by 2.0 per cent, compared with the level in the preceding month, but depreciated by 4.4 per cent below the level in the corresponding period of 2013. At ₦161.86 per US dollar, the average exchange rate, at the inter-bank segment, appreciated by 0.2 per cent, compared with the level in the preceding month, but indicated a depreciation of 2.4 per cent below the level in the corresponding period of 2013.

Consequently, the premium between the rDAS and the bureau-de-change segments narrowed to 6.1 per cent from 8.2 per cent in the preceding month. Similarly, the premium between the inter-bank and rDAS segments

On a month-on-month basis, the naira exchange rate vis-à-vis the US dollar, on average, appreciated at the three segments of the market.

narrowed to 2.9 per cent from 3.1 per cent in the preceding month (Fig. 17 and 18, Table 16).

Figure 17: Average Exchange Rate Movement

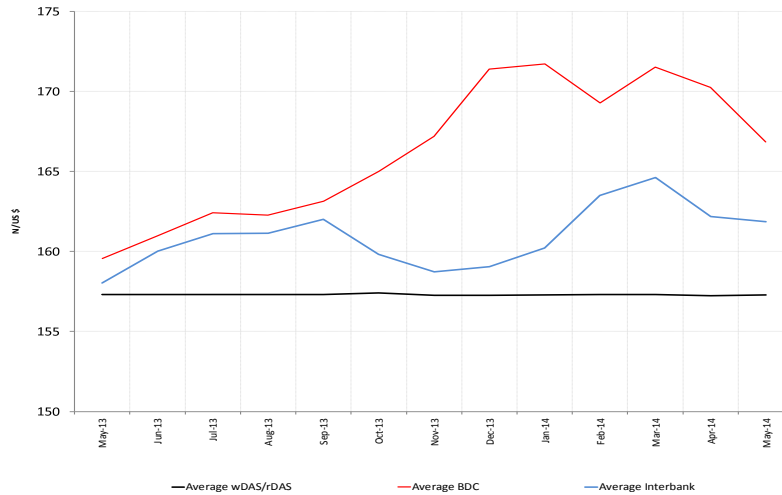
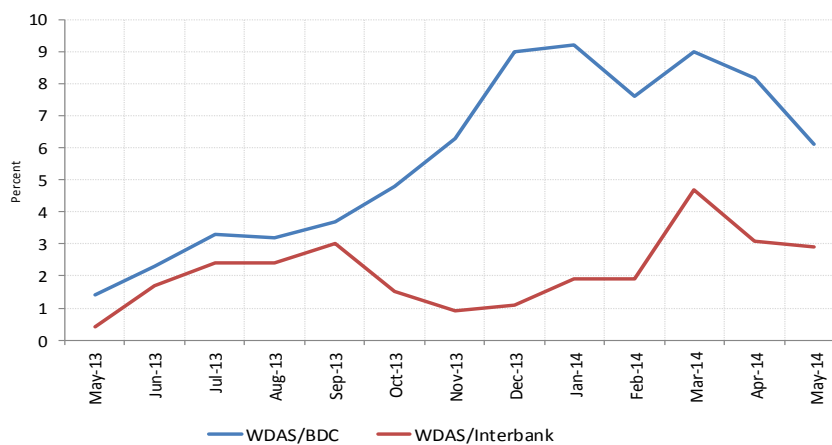


Table 16: Exchange Rate Movements and Exchange Rate Premium

	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14
Average Exchange Rate (N/US\$)													
wDAS/rDAS	157.30	157.31	157.32	157.31	157.32	157.42	157.27	157.27	157.29	157.31	157.30	157.29	157.30
BDC	159.57	160.98	162.43	162.28	163.14	165.00	167.19	171.40	171.71	169.28	171.52	170.25	166.85
Interbank	158.02	160.02	161.12	161.15	162.01	159.83	158.74	159.05	160.23	163.49	164.62	162.19	161.86
Premium (%)													
WDAS/BDC	1.4	2.3	3.3	3.2	3.7	4.8	6.3	9.0	9.2	7.6	9.0	8.2	6.1
WDAS/Interbank	0.4	1.7	2.4	2.4	3	1.5	0.9	1.1	1.9	3.9	4.7	3.1	2.9

Figure 18: Exchange Rate Premium



5.5 Gross External Reserves

The gross external reserves at the end of May 2014 stood at US\$35.40 billion, indicating a decline of 4.5 and 26.6 per cent below the levels in the preceding month and the corresponding period of 2013, respectively. A breakdown of the reserves showed that the Federation Account portion (Excess Crude) was US\$3.81 billion (10.8 per cent), Federal Government holding was US\$3.29 billion (9.3 per cent) and CBN reserves stood at US\$28.30 billion (79.9 per cent) (Fig. 19, Table 17).

Gross external reserves decreased in May 2014.

Figure 19: Gross External Reserves

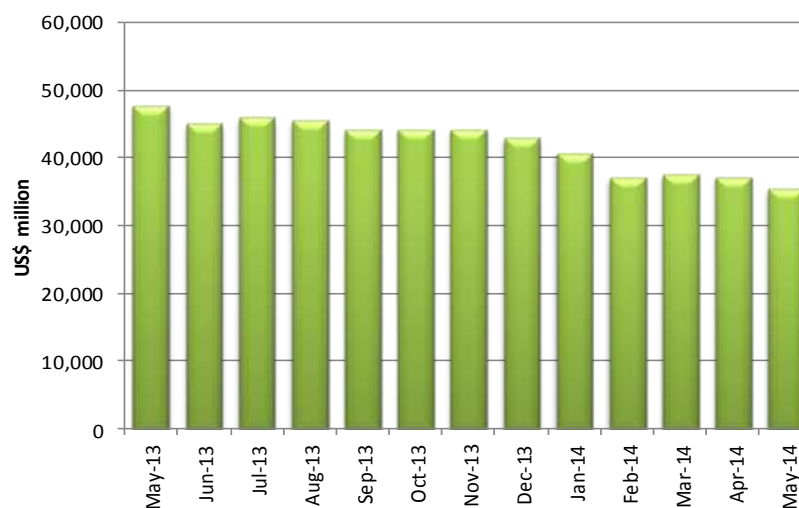


Table 17: Gross External Reserves (US\$ million)

Period	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14
External Reserves	44,108.48	44,155.11	43,414.20	42,847.31	40,667.56	36,923.61	37,399.22	37,105.27	35,385.50

6.0 *Other International Economic Developments and Meetings*

World crude oil output in May 2014 was estimated at an average of 90.99 million barrels per day (mbd), representing an increase of 0.5 per cent over the level recorded in the preceding month. World demand was estimated at 91.14 million barrels per day (mbd), compared with 91.02 million barrels per day (mbd) demanded in the preceding month. The rise in demand was attributed to the increased demand for liquefied petroleum gas (LPG) by petrochemical industries and the rising fuel demand for newly commissioned desalination projects in the Middle East.

Other major international economic developments and meetings of importance to the domestic economy during the review period included: the joint IMF (International Monetary Fund)-Mozambique Conference on "Africa Rising: Building to the Future" held in Maputo, Mozambique from May 29-30, 2014. The conference was held against the backdrop of deteriorating human development indices in the Continent with specific reference to poverty and unemployment. Participants identified some challenges which included weak infrastructure, low technological base, low intra-regional trade, over dependence on natural resources, amongst others. They, therefore, recommended for increased investment in infrastructure, building of institutions, investment in people, promotion of stable financial markets and financial inclusion as measures to significantly reduce poverty and unemployment in the Continent.

APPENDIX TABLES

Table A1: Money and Credit Aggregates

	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14
Domestic Credit (Net)	13,627.6	14,092.8	15,040.7	15,107.8	15,169.8	15,349.3	15,283.6	15,007.8
<i>Claims on Federal Government (Net)</i>	(2,648.7)	(2,358.9)	(1,468.8)	(1,265.2)	(1,498.5)	(1,434.1)	(1,734.0)	(1,761.4)
Central Bank (Net)	(2,735.4)	(2,606.4)	(2,101.6)	(1,890.4)	(2,092.8)	(2,097.3)	(2,341.7)	(2,644.4)
Banks	(45.6)	214.3	597.0	581.5	544.2	617.5	570.2	847.2
Merchant Bank	41.1	33.2	36.6	44.4	50.8	46.4	38.2	36.6
Non Interest Banks	-	-	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)
<i>Claims on Private Sector</i>	16,276.4	16,451.7	16,509.5	16,373.1	16,668.3	16,783.4	17,017.6	16,769.2
Central Bank	4,835.4	4,829.9	4,917.5	4,920.6	4,919.2	4,905.3	4,952.8	4,735.6
Banks	11,401.2	11,580.8	11,543.6	11,403.9	11,700.2	11,826.2	12,011.7	11,976.4
Merchant Bank	30.9	31.5	37.9	37.9	37.7	40.6	42.0	42.7
Non Interest Banks	8.9	9.5	10.4	10.7	11.3	11.3	11.1	14.5
<i>Claims on Other Private Sector</i>	15,568.9	15,720.5	15,706.8	15,555.8	15,893.7	16,003.1	16,235.9	985.0
Central Bank	4,835.4	4,829.9	4,893.9	4,894.6	4,893.190	4,881.7	4,929.2	4,712.0
Banks	10,694.2	10,851.0	10,767.0	10,615.1	10,952.6	11,070.4	11,254.6	11,218.2
Merchant Bank	30.5	30.0	36.5	36.4	37.7	40.6	42.0	42.7
Non Interest Banks	8.9	9.6	9.4	9.7	10.3	10.3	10.1	12.1
<i>Claims on State and Local Governm</i>	707.4	731.2	779.1	791.2	748.6	756.7	758.2	760.6
Central Bank	-	-	-	-	-	-	-	-
Banks	707.0	729.8	776.7	788.8	747.6	755.7	755.2	758.2
Merchant Bank	0.4	1.4	1.4	1.4	-	-	-	-
Non Interest Banks	-	-	1.0	1.0	1.0	1.0	1.0	2.4
<i>Claims on Non-financial Public Ente</i>	-	-	-	-	-	-	-	-
Central Bank	-	-	-	-	-	-	-	-
Banks	-	-	-	-	-	-	-	-
Foreign Assets (Net)	8,897.1	8,680.9	8,513.3	8,243.4	7,557.2	7,613.1	7,716.1	7,693.0
Central Bank	7,119.6	7,016.4	6,898.5	6,471.6	6,071.3	5,949.91	6,173.9	6,275.9
Banks	1,773.9	1,662.0	1,611.7	1,765.1	1,482.4	1,654.4	1,542.2	1,407.2
Merchant Bank	1.8	0.8	1.1	4.5	1.4	6.4	1.6	7.7
Non Interest Banks	1.8	1.7	1.9	2.2	2.2	2.3	2.2	2.3
Other Assets (Net)	(7,994.8)	(8,038.8)	(7,885.0)	(7,885.9)	(7,408.4)	(7,262.7)	(7,026.4)	(6,793.4)
Total Monetary Assets (M2)	14,529.9	14,734.9	15,669.0	15,465.4	15,318.6	15,699.7	15,973.3	15,907.5
Quasi-Money 1/	8,069.5	8,356.4	8,656.1	8,711.7	8,684.8	8,807.9	8,887.4	9,166.3
Money Supply (M1)	6,460.4	6,378.5	7,012.8	6,753.7	6,633.8	6,891.8	7,085.9	6,741.2
<i>Currency Outside Banks</i>	1,249.5	1,298.5	1,447.1	1,333.3	1,258.3	1,226.6	1,228.1	1,205.2
<i>Demand Deposits 2/</i>	5,210.9	5,079.9	5,565.8	5,420.4	5,375.5	5,665.2	5,857.8	5,536.0
Total Monetary Liabilities (M2)	14,529.9	14,734.9	15,669.0	15,465.4	15,318.6	15,699.7	15,973.3	15,907.5
<i>Memorandum Items:</i>								
Reserve Money (RM)	4,511.5	4,463.1	5,558.9	5,405.0	5,258.7	5,036.8	5,296.3	5,099.6
<i>Currency in Circulation (CIC)</i>	1,549.5	1,571.0	1,776.8	1,588.5	1,558.0	1,574.4	1,569.6	1,517.6
DMBs Demand Deposit with CBN	2,961.9	2,892.1	3,782.1	3,816.5	3,700.6	3,462.5	3,726.7	3,582.0

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)

	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14
	Growth Over Preceding December (%)							
Domestic Credit (Net)	7.3	11.0	18.5	0.5	0.9	2.1	1.6	-0.2
<i>Claims on Federal Government (Net)</i>	-8.0	3.9	40.1	13.9	-2.0	-2.4	-18.1	-19.9
<i>Claims on Private Sector</i>	7.4	8.6	9.0	-0.8	1.0	1.7	3.1	1.6
<i>Claims on Other Private Sector</i>								
<i>Claims on State and Local Government</i>	6.2	9.8	17.0	1.6	-4.1	1.9	3.4	-2.7
<i>Claims on Non-financial Public Enterprises</i>								
Foreign Assets (Net)	-1.6	-4.0	-5.9	3.2	-11.2	-10.6	9.4	-9.6
Other Assets (Net)	-27.8	-28.5	-26.0	0.0	6.0	-7.9	-10.9	13.9
Total Monetary Assets (M2)	-6.16	-4.84	1.2	-1.3	0.33	0.2	1.94	1.5
Quasi-Money 1/	0.1	3.6	7.4	0.6	0.3	1.8	2.7	5.9
Money Supply (M1)	-12.9	-14.1	-5.5	-3.7	-5.4	-1.7	1.0	-3.9
<i>Currency Outside Banks</i>	-4.0	-0.2	11.2	-7.9	-13.0	-15.2	-15.1	-16.7
<i>Demand Deposits 2/</i>	-14.9	-17.0	-9.1	-2.6	-3.4	1.8	5.3	-0.5
Total Monetary Liabilities (M2)	-6.16	-4.84	1.2	-1.3	0.33	0.2	1.94	1.52
<u>Memorandum Items:</u>								
Reserve Money (RM)	21.8	20.5	50.1	-2.8	-5.4	-9.4	-4.7	-8.3
<i>Currency in Circulation (CIC)</i>	-5.0	-3.7	8.9	-10.6	-12.3	-11.4	-11.7	-14.6
<i>DMBs Demand Deposit with CBN</i>	42.9	39.5	82.5	0.9	-2.2	-8.5	-1.5	-5.3
	Growth Over Preceding Month (%)							
Domestic Credit (Net)	4.1	3.4	6.7	0.5	0.4	-1.2	-0.4	-1.8
<i>Claims on Federal Government (Net)</i>	17.0	10.9	37.7	13.9	-18.4	4.3	-20.9	-1.6
<i>Claims on Private Sector</i>	-0.02	1.08	0.4	-0.8	1.8	0.7	1.4	-1.5
<i>Claims on Other Private Sector</i>	-0.03	0.78	-0.1	-1.0	2.2	0.7	1.5	-1.6
<i>Claims on State and Local Government</i>	0.4	3.4	6.4	1.4	-5.5	1.1	0.1	-0.2
<i>Claims on Non-financial Public Enterprises</i>								
Foreign Assets (Net)	-0.3	-2.4	-1.9	3.2	-8.3	0.7	1.4	-0.3
Central Bank	-0.8	-1.5	1.7	6.2	-6.2	-2.0	3.8	1.7
Banks	1.8	-6.4	3.0	9.7	-16.1	11.9	-7.3	-8.1
Other Assets (Net)	-4.5	-0.6	1.9	0.0	6.1	2.0	3.3	3.3
Total Monetary Assets (M2)	1.2	1.4	6.3	-1.3	-1.0	2.5	1.7	-0.4
Quasi-Money 1/	0.0	3.6	3.6	0.6	-0.3	1.4	0.9	3.1
Money Supply (M1)	2.7	-1.3	10.0	-3.7	-1.8	3.9	2.8	-4.9
<i>Currency Outside Banks</i>	7.0	3.9	11.4	-7.9	-5.6	-2.5	0.1	-1.9
<i>Demand Deposits 2/</i>	1.7	-2.5	9.6	-2.6	0.8	5.4	3.4	-5.5
Total Monetary Liabilities (M2)	1.2	1.4	6.3	-1.3	-1.0	2.5	1.7	-0.4
<u>Memorandum Items:</u>								
Reserve Money (RM)	9.1	10.0	-3.0	-2.8	2.7	-4.2	5.2	-3.7
<i>Currency in Circulation (CIC)</i>	1.0	2.1	5.1	10.6	-1.9	1.1	-0.3	-3.3
<i>DMBs Demand Deposit with CBN</i>	15.2	14.1	-6.7	0.9	-3.0	-6.4	7.6	-3.8

Table A3: Federal Government Fiscal Operations (₦ billion)

	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14
Retained Revenue	276.0	252.6	293.7	264.9	267.6	282.8	403.8	296.7
<i>Federation Account</i>	236.2	213.8	252.2	221.2	235.0	247.5	249.1	249.1
<i>VAT Pool Account</i>	9.2	9.6	13.2	9.3	11.9	9.6	9.1	9.4
<i>FGN Independent Revenue</i>	14.2	12.9	11.9	15.7	4.3	9.3	129.4	21.9
<i>Excess Crude</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Others/SURE-P</i>	16.4	16.3	16.3	18.7	16.4	16.3	16.3	16.3
Expenditure	337.6	342.0	409.1	366.4	297.2	333.3	319.1	349.2
<i>Recurrent</i>	265.2	249.1	280.9	209.9	259.1	236.0	221.8	239.3
<i>Capital</i>	46.3	70.6	111.3	113.4	16.3	64.9	64.9	81.0
<i>Transfers</i>	26.1	22.3	16.8	43.1	21.8	32.4	32.4	28.9
Overall Balance: Surplus(+)/Deficit(-)	-61.7	-89.5	-115.4	-101.5	-29.6	-50.5	84.8	-52.6

