



CENTRAL BANK OF NIGERIA

***ECONOMIC REPORT
FOURTH QUARTER 2014***

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

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1.0 Summary

Provisional data indicated that growth in key monetary aggregate was moderate in the fourth quarter of 2014. Over the level at the end of the preceding quarter, broad money supply, (M_2), grew by 0.1 per cent, compared with 4.0 per cent at the end of the preceding quarter. The development relative to the preceding quarter reflected, largely, the growth of 5.4 per cent in other assets (net) which more than offset the effects of the 5.1 per cent decline in foreign assets (net) of the banking system during the review quarter.

Available data indicated that banks' deposit and lending rates trended upward in the fourth quarter. The spread between the weighted average term deposit and maximum lending rates at 17.44 percentage points, same as in the preceding quarter. The margin between the average savings deposit and the maximum lending rates, however, widened by 0.12 percentage point to 22.36 per cent. The weighted average inter-bank call rate rose by 3.7 percentage points to 14.75 per cent in the fourth quarter of 2014, reflecting the liquidity condition in the inter-bank funds market.

Provisional data indicated that the value of money market assets outstanding at the end of the fourth quarter of 2014 increased by 3.52 per cent to ₦7,667.09 billion, compared with the increase of 2.92 per cent at the end of the preceding quarter. The development was attributed to the 3.46 and 24.69 per cent increase in FGN Bonds and Banker's Acceptance outstanding, respectively. Available data indicated that developments in the Nigerian Stock Exchange (NSE) were mixed during the fourth quarter of 2014.

Total federally-collected revenue stood at ₦2,299.18 billion, representing a decline of 15.4 and 17.4 per cent below the proportionate budget estimate and receipts in the preceding quarter, respectively. At ₦1,466.22 billion, oil receipts, which constituted 63.8 per cent of the total, fell below the proportionate budget estimate and the level in the preceding quarter by 18.1 and 14.9 per cent, respectively. The fall in oil receipts was attributed, largely, to a decline in crude oil and gas exports during the review quarter.

Non-oil receipts, at ₦832.95 billion, was lower than the budget estimate and the receipts in the preceding quarter by 10.2 and 21.46 per cent, respectively. Federal Government retained revenue was ₦928.14 billion, while total expenditure was ₦1,149.94 billion. Thus, the fiscal operations of the Federal Government resulted in an

estimated deficit of ₦221.80 billion in the fourth quarter of 2014, compared with the quarterly budget and the preceding quarter's deficit of ₦241.05 billion and ₦143.56 billion, respectively.

Activities in the agricultural sector were dominated by harvesting of tubers, fruits and vegetables. Nigeria's crude oil production, including condensates and natural gas liquids, averaged at 1.99 million barrels per day (mbd) or 183.08 million barrels for the quarter. Crude oil export stood at 1.54 mbd or 141.68 million barrels for the quarter, while deliveries to the refineries for domestic consumption remained at 0.45 mbd or 41.4 million barrels. The average price of Nigeria's reference crude, the Bonny Light (37° API), declined by 24.6 per cent below the level in the preceding quarter.

The end-period headline inflation rate (year-on-year) was 8.0 per cent, compared with the 8.3 and 8.0 per cent recorded at the end of the preceding quarter and the corresponding quarter of 2013, respectively. Inflation rate on a twelve-month moving average basis was 8.0 per cent, the same level as in the preceding quarter.

Provisional data indicated that foreign exchange inflow and outflow through the Central Bank of Nigeria (CBN) amounted to US\$10.36 billion and US\$14.21 billion, respectively, resulting in a net outflow of US\$3.85 billion. Foreign exchange sales by the CBN to the authorized dealers amounted to US\$12.46 billion, compared with US\$10.20 billion in the preceding quarter. The average exchange rate of the naira vis-à-vis the US dollar at the rDAS window was ₦162.33 per US dollar, compared with ₦157.29 per US dollar in the preceding quarter. Relative to their respective levels in the preceding quarter, the naira depreciated by 5.2 and 5.7 per cent at both the bureau-de-change and inter-bank segments of the market.

The World Bank in its "Global Economic Prospects" noted that the global recovery had been weaker than anticipated, partly due to lower than expected growth outturns in the euro area, Japan, Emerging Europe (Russia) and Latin America. In particular, the lower growth in the euro area and Japan accounted for more than half of the downward revisions to global growth in 2014. Global growth picked up only marginally to 2.6 percent in 2014 from 2.5 percent in 2013.

World crude oil demand was estimated at 92.69 mbd in the fourth quarter of 2014, representing an increase of 1.0 per cent above the 91.73 per cent recorded in the third quarter of 2014. World crude oil supply was estimated at an average of 93.23 mbd, representing an increase of 0.9 per cent above the level recorded in the preceding quarter. The OPEC Reference Basket price of eleven selected crude

streams stood at US\$73.49 per barrel in the fourth quarter of 2014, compared with US\$100.86/b and US\$107.67/b recorded in the preceding quarter and the corresponding quarter of 2013, respectively. The prices of the UK Brent, the West Texas Intermediate and the Forcados, also declined to close at US\$76.80, US\$73.21 and US\$77.99 per barrel, respectively.

Other major international economic developments and meetings of importance to the domestic economy during the review quarter included: the 2014 Annual Meetings of the Board of Governors of the World Bank Group and the International Monetary Fund (IMF), held in Washington D.C., USA between October 6 and 13, 2014; the African Development Bank Group's (AfDB) Board of Executive Directors approved a new Regional Integration Policy and Strategy (RIPoS) for the period 2014 - 2023 on Wednesday, November 19, 2014; also, the AfDB and the Alliance for a Green Revolution in Africa (AGRA) Kenya signed a grant agreement to support the growth and formalization of 54 African seed companies in eleven countries on November 14, 2014, in Nairobi; a high level strategy meeting was held on Thursday, October 9, 2014 in Washington D.C., USA between the AfDB and the IMF Managing Director, Christine Lagarde, UN Secretary General, Ban Ki-moon and World Bank President Jim Yong Kim, on efforts at combating the Ebola scourge; and final the Bureau Meeting of the Association of African Central Banks (AACB) was held on December 4, 2014 in Port Louis, Mauritius, at the Bank of Mauritius Tower.

2.0 Financial Sector Developments

2.1 Monetary and Credit Developments

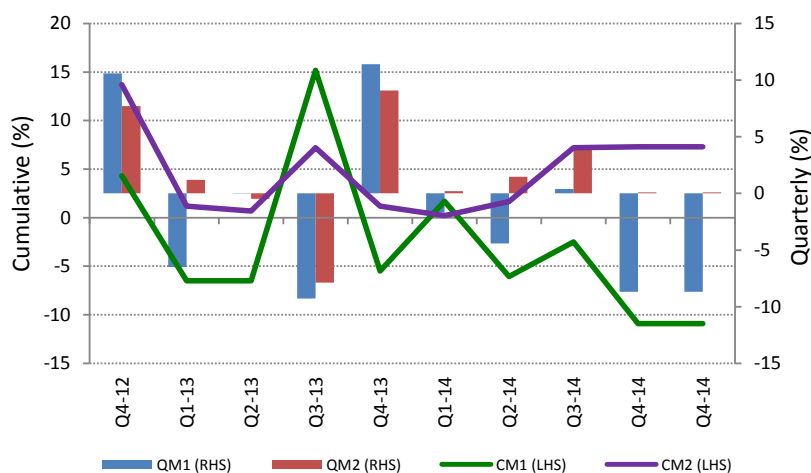
Provisional data indicated that growth in key monetary aggregate was moderate at the end of the fourth quarter of 2014. Developments in banks' deposit and lending rates were mixed during the review quarter. The value of money market assets outstanding increased, due largely, to the increase in FGN Bonds. Moreover, developments in the Nigerian Stock Exchange (NSE) were mixed.

Growth in key monetary aggregate was moderate during Q4 2014.

Provisional data indicated that growth in the key monetary aggregate was moderate at the end of the fourth quarter of 2014. Relative to the level at the end of the third quarter of 2014, broad money supply, (M_2), grew marginally by 0.1 per cent to ₦16,833.2 billion, compared with the growth of 4.0 and 7.3 per cent at the end of the preceding quarter and the corresponding quarter of 2013, respectively. The development relative to the preceding quarter reflected, largely, the growth of 5.4 per cent in other assets (net), which more than offset the effects of the 5.1 per cent decline in foreign assets (net) of the banking system. Relative to the level at end-December 2013, M_2 grew by 7.3 per cent, driven largely, by the increase in domestic credit (net) and other asset (net) of the banking system.

Narrow money supply (M_1), at ₦6,266.7 billion, fell by 8.7 per cent, at the end of the review quarter, in contrast to the increase of 0.4 per cent at the end of the preceding quarter. The development, relative to the preceding quarter, was attributed to the decline of 12.8 per cent in its currency outside banks component. Relative to the level at end-December 2013, M_1 declined by 10.9 per cent, due largely, to the 12.3 and 5.5 per cent fall in its demand deposit and currency components.

Quasi-money rose by 6.2 per cent to ₦10,566.6 billion at the end of the fourth quarter of 2014, compared with the increase of 6.6 per cent at the end of the preceding quarter. The development was attributed to the increase in time and savings deposits with banks (Fig. 1, Table 1).

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

At ₦16,129.5 billion, aggregate banking system's credit (net) to the domestic economy grew marginally by 0.2 per cent at the end of the fourth quarter of 2014, compared with the growth of 7.2 and 11.1 per cent at the end of the preceding quarter and the corresponding period of 2013, respectively. The development relative to the level at the end of the third quarter of 2014 reflected the growth of 2.6 per cent in net claims on private sector.

Banking system credit to the Federal Government fell by 27.3 per cent at the end of the fourth quarter of 2014.

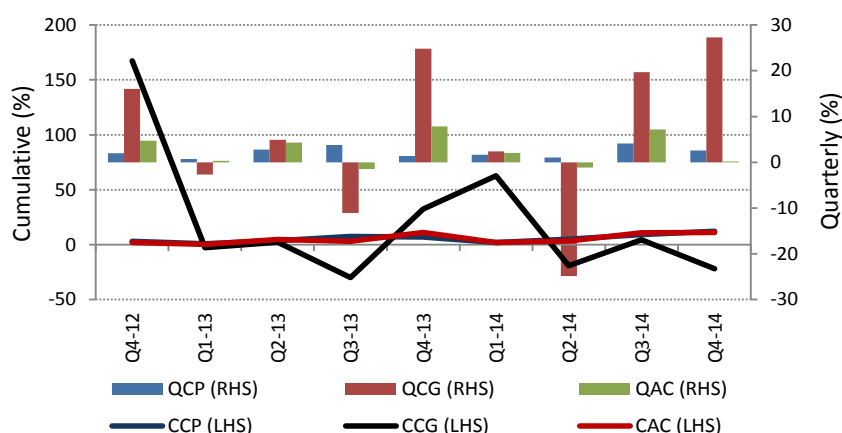
Banking system's credit (net) to the Federal Government, at the end of the review quarter, fell by 27.3 per cent to negative ₦2,017.5 billion, in contrast to the increase of 19.7 and 48.1 per cent at the end of the preceding quarter and the corresponding period of 2013, respectively. The development relative to the level at the end of the preceding quarter was attributed to the decline in banking system's holding of Federal Government treasury securities, particularly treasury bills.

At the end of the fourth quarter of 2014, banking system's credit to the private sector rose by 2.6 per cent to ₦18,147.0

¹ QM1 and QM2 represent quarter-on-quarter changes, while CM1 and CM2 represent cumulative changes (year-to-date).

billion, compared with 4.1 per cent increase in the preceding quarter, but was in contrast to the 0.5 per cent decline in the corresponding quarter of 2013. The development relative to the preceding quarter reflected the growth of 2.7 per cent in claims on the core private sector (Fig. 2, Table 1).

Figure 2: Growth Rate of Aggregate Domestic Credit to the Economy²



At ₦7,358.2 billion, foreign assets (net) of the banking system fell by 5.1 per cent at the end of the fourth quarter of 2014, in contrast the growth of 1.1 per cent at the end of the preceding quarter. The development relative to the preceding quarter was attributed, largely, to the 26.3 per cent fall in banks holdings of foreign assets.

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

Other assets (net) of the banking system rose by 5.4 per cent to negative ₦6,654.4 billion at the end of the review quarter, in contrast to the decline of 5.4 per cent at the end of the preceding quarter of 2014, but showed an increase of 1.9 per cent when compared with the level at end of the corresponding quarter of 2013.

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

Table 1: Growth in Monetary and Credit Aggregates (Per cent) Over Preceding Quarter

	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14
Domestic Credit (Net)	0.3	3.2	-0.5	11.1	2.1	-1.1	7.2	0.2
<i>Claims on Federal Government (Net)</i>	-2.7	0.9	-25.5	48.1	2.4	-24.8	19.7	-27.3
<i>Claims on Private Sector</i>	0.7	2.8	3.7	0.5	1.7	1.1	4.1	2.6
<i>Claims on Other Private Sector</i>	0.8	3.0	3.6	1.2	1.9	1.3	4.4	2.7
Foreign Assets (Net)	-7.1	-5.4	-2.6	-3.0	-10.6	1.1	-1.1	-5.1
Other Assets (Net)	8.0	0.6	-13.8	-3.1	7.9	4.5	-5.4	5.4
Broad Money Supply (M2)	1.2	0.5	-7.9	9.2	0.2	1.5	4.0	0.1
Quasi-Money	8.3	-0.9	-6.7	7.3	1.8	6.1	6.6	6.2
Narrow Money Supply (M1)	-6.5	0.0	-9.3	11.7	-1.7	-4.4	0.4	-8.7
<i>Memorandum Items:</i>								
Reserve Money (RM)	5.6	-17.3	43.7	9.5	-9.4	6.2	3.3	20.7

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

At ₦1,798.0 billion, currency-in-circulation rose by 16.2 per cent at the end of the fourth quarter, compared with the increase of 3.2 and 4.3 per cent at the end of the preceding quarter and the corresponding quarter of 2013, respectively. The development relative to the preceding quarter was attributed, largely, to the 10 per cent increase in currency outside banks.

Total deposits at the CBN rose by 10.0 per cent to ₦7,826.0 billion, compared with the increase of 3.1 per cent at the end of the third quarter of 2014. The development reflected, largely, the 22.7 per cent increase in banks deposits, which more than offset the 57.6 per cent fall in the deposits of "Others". Of the total deposits, the shares of the Federal Government, banks and "Others" were ₦3,427.4 billion (43.8 per cent), ₦4,166.8 billion (53.2 per cent) and ₦231.8 billion (3.0 per cent), respectively.

Reserve money (RM) rose at the end of the fourth quarter of 2014.

Reserve money (RM), at ₦5,964.8 billion, rose by 20.7 per cent, compared with the 3.2 per cent increase recorded at the end of the preceding quarter. The development, relative to the level at the end of the preceding quarter, was attributed to the increase of 16.2 and 22.7 per cent in its currency and demand deposit components.

2.3 Money Market Developments

Financial market indicators became volatile during the review quarter, partly attributed to the policy measures introduced during the quarter. These measures included; the restriction on the sale of foreign exchange at the official window to certain transactions which were subsequently required to be funded at the inter-bank foreign exchange market, the daily maximum limit of ₦7.5 billion placed on the standing deposit facility (SDF) and the increase in the Cash Reserve Requirements (CRR) on private sector funds, which resulted in shortage of liquidity and triggered a spike in the pricing of inter-bank transactions. Open Market Operations (OMO) was deployed to manage the level of liquidity in the system. Patronage of the Federal Government securities was low during the quarter. Money market rates reflected the liquidity condition in the system, following the implementation of the the upward review in CRR on private sector funds from 15.0 per cent to 20.0 per cent.

Money market rates were high during the review period.

Provisional data indicated that the total value of money market assets outstanding at the end of the fourth quarter of 2014 stood at ₦7,667.09 billion, showing an increase of 3.5 per cent, compared with the increase of 2.9 per cent at the end of the preceding quarter. The development was attributed, largely, to the 3.5 and 24.7 per cent increase in the FGN Bonds and Bankers' Acceptance (BA), respectively.

2.3.1 Interest Rate Developments

Available data indicated an upward trend in banks' deposit and lending rates, with the exception of prime lending rate, during the fourth quarter of 2014. All rates on deposits of various maturities rose from a range of 3.36 – 9.57 per cent in the third quarter of 2014 to 3.44 – 9.99 per cent in the fourth quarter. Similarly, at 8.36 per cent, the average term deposit rate rose by 0.16 percentage point above its level in the preceding quarter. The maximum lending rate also rose by 0.16 percentage point above its level in the preceding quarter to 25.80 per cent. However, prime lending rate declined by 0.21 percentage point below the level in the preceding quarter to 16.28 per cent. Consequently, the spread between the weighted average term deposit and

The spread between the weighted – average term deposit and maximum lending rates remained the same as in the preceding quarter.

maximum lending rates remained at 17.44 percentage points, same as in the preceding quarter. The margin between the average savings deposit and the maximum lending rates, however, widened by 0.08 percentage point to 22.36 per cent from 22.28 per cent in the preceding quarter. With the headline inflation rate at 8.0 per cent at end-December 2014, most deposit and lending rates were positive in real terms.

Interbank call rate rose in Q4 2014.

At the interbank funds segment, the weighted average inter-bank call rate, which stood at 11.05 per cent at the end of the preceding quarter, rose by 3.7 percentage points to 14.75 per cent in the fourth quarter of 2014, reflecting the liquidity condition in the banking system. Similarly, the weighted average rate at the Open-Buy-Back (OBB) segment rose by 3.45 percentage points to 14.41 per cent, from 10.96 per cent in the preceding quarter. The Nigeria Inter-bank Offered Rate (NIBOR) for the 7-day tenor rose to 16.19 per cent, above 11.28 per cent in the preceding quarter. Similarly, the 30-day tenor rose from 12.58 per cent in the preceding quarter to 12.75 per cent in the fourth quarter of 2014 (Fig. 3, Table 2).

Figure 3: Selected DMBs Interest Rates (Average)

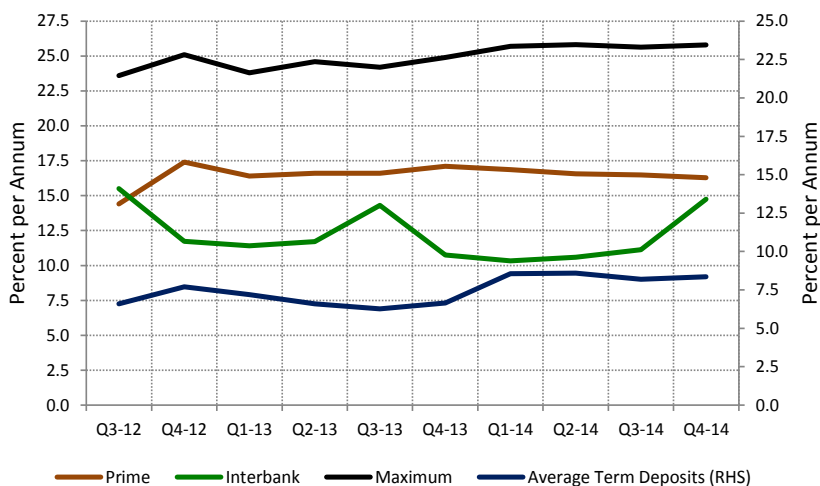


Table 2: Selected Interest Rates (Percent, Averages)

	Q4-12	Q1-13	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14
Average Term Deposits	7.7	7.2	6.6	6.3	6.6	8.6	8.6	8.2	8.4
Prime Lending	17.4	16.4	16.6	16.6	17.1	16.9	16.6	16.5	16.3
Interbank	11.7	11.4	11.7	14.3	10.5	10.3	10.6	11.1	14.8
Maximum Lending	25.1	23.8	24.6	24.2	24.9	25.7	25.8	25.6	25.8

2.3.2 Commercial Paper (CP)

Commercial Paper (CP) outstanding held by DMBs fell by 8.2 per cent to ₦9.8 billion at the end of the fourth quarter of 2014, compared with the value of ₦10.67 billion at the end of the preceding quarter. The development was due to the decline in investment in CP by the commercial banks during the review quarter. Thus, CP constituted 0.13 per cent of the total value of money market assets outstanding, during the review period, compared with 0.14 per cent at the end of the preceding quarter.

Investment in CP by banks fell in the fourth quarter of 2014.

2.3.3 Bankers' Acceptances (BAs)

At the end of the review quarter, BAs increased by 24.7 per cent to ₦36.60 billion, compared with ₦29.38 billion at the end of the preceding quarter. The development was attributed to the increase in investment in BAs by the commercial banks during the quarter. Consequently, BAs accounted for 0.5 per cent of the total value of money market assets outstanding, compared with 0.4 per cent at the end of the preceding quarter.

DMBs' holdings of BAs increased during Q4 of 2014.

2.3.4 Open Market Operations

In the Open Market Operations (OMO), bills with tenors ranging from 97-179 days were used for liquidity management in the fourth quarter of 2014. Total sales was ₦1,482.74 billion and subscription was ₦1,976.55 billion. The bid rates ranged from 10.50 – 15.00 per cent, while the stop rates were between 10.80 – 13.00 per cent. Matured bills amounting to ₦2,247.70 billion were repaid, translating to a net withdrawal of ₦764.96 billion in the review period.

2.3.5 Primary Market

At the primary market segment, NTBs of 91-, 182- and 364-day tenors were offered. Total amount offered, allotted and subscribed to was ₦924.15 billion, ₦1,059.48 billion and ₦924.13

billion, respectively. At the 91-day segment, total subscription and allotment were ₦242.49 billion and ₦223.43 billion, respectively, with bid rates ranging from 8.00 to 18.00 per cent, while the stop rates were from 9.7 – 11.25 per cent. For the 182-day segment, total subscription and allotment amounted to ₦289.79 billion and ₦247.89 billion, respectively. The bid rates ranged from 9.00 – 18.19 per cent, while the stop rates were between 10.20 – 14.48 per cent. At the 364-day segment, total subscription and allotment was ₦527.20 billion and ₦457.33 billion, respectively, with bid rates ranging from 9.50 – 17.44 per cent, while stop rates ranged from 10.79 – 15.99 per cent.

Subscription for FGN Bonds of various maturities decreased during the fourth quarter of 2014.

2.3.6 Bonds Market

FGN Bonds of 3-, 10- and 20-year tranches were reopened during the review period. The total amount offered, subscribed to and allotted was ₦203.61 billion, ₦314.32 billion and ₦182.11 billion, respectively. In addition, ₦10.33 billion of the 10-year bond was allotted on a non-competitive basis. The marginal rates for the bonds ranged from 12.00-15.49 per cent, compared with 11.00 -12.99 per cent in the preceding quarter. The rise in yield during the review period could be attributed to the fall in both the demand and the level of liquidity in the system, arising from further monetary tightening.

2.3.7 CBN Standing Facilities

Total request for the standing lending facility (SLF) granted during the review period was ₦1,395.97 billion (inclusive of intra-day liquidity facility converted to overnight repo) with total interest earned amounting to ₦0.90 million, compared with the total request of ₦331.78 billion and total interest of ₦0.18 million in the preceding quarter.

Total standing deposit facility (SDF) granted during the review period was ₦10,986.01 billion, while the cost incurred stood at ₦3.96 billion, compared with the request of ₦17,960.61 billion and total cost of ₦7.63 billion in the preceding quarter.

2.4 Deposit Money Banks' Activities

Available data indicated that the total assets and liabilities of the commercial banks stood at ₦27,413.58 billion at the end of the fourth quarter of 2014, representing an increase of 5.7 per cent over the level at the end of the preceding quarter. Funds were sourced, largely, from increased mobilization of time, savings and foreign currency deposits, issuance of bond and claims on the central government. The funds were used mainly, for accretion to reserves, reduce unclassified liabilities and demand deposits.

At ₦13,812.3 billion, banks' credit to the domestic economy, fell by 1.2 per cent compared with the level at the end of the preceding quarter. The development was attributed to the 48.0 per cent decline in claims on the Federal Government in the review period.

Central Bank's credit to the commercial banks fell by 7.7 per cent to ₦224.6 billion at the end of the review quarter, reflecting the decrease in CBN loans and advances to banks. Total specified liquid assets of the banks stood at ₦6,243.2 billion, representing 34.5 per cent of their total current liabilities. At that level, the liquidity ratio fell by 3.2 percentage points below the level in the preceding quarter, but was 4.5 percentage points above the stipulated minimum ratio of 30.0 per cent. The loans-to-deposit ratio, at 63.6 per cent, was 30.2 percentage points above the level at the end of the preceding quarter, but was 16.6 percentage points below the prescribed maximum ratio of 80.0 per cent.

At 34.5 per cent, liquidity ratio in Q4 2014 was 4.5 percentage points above the stipulated minimum ratio, while the Loan-to-deposit ratio was below the prescribed maximum of 80 per cent.

2.5 Discount Houses' Activities

Total assets/liabilities of the discount houses stood at ₦131.3 billion at the end of the fourth quarter of 2014, indicating a decline of 15.5 and 1.9 per cent below the levels in the preceding quarter and the corresponding quarter of 2013, respectively. The decline in assets relative to the preceding quarter was accounted for, mainly, by the significant fall of 81.2 per cent in claims on banks, which more than offset the effect of the marginal increase in claims on others, fixed assets and cash and balances with banks. Correspondingly, the decline in total liabilities was attributed to the 99.6 per cent decline in borrowings which more than offset the increase in

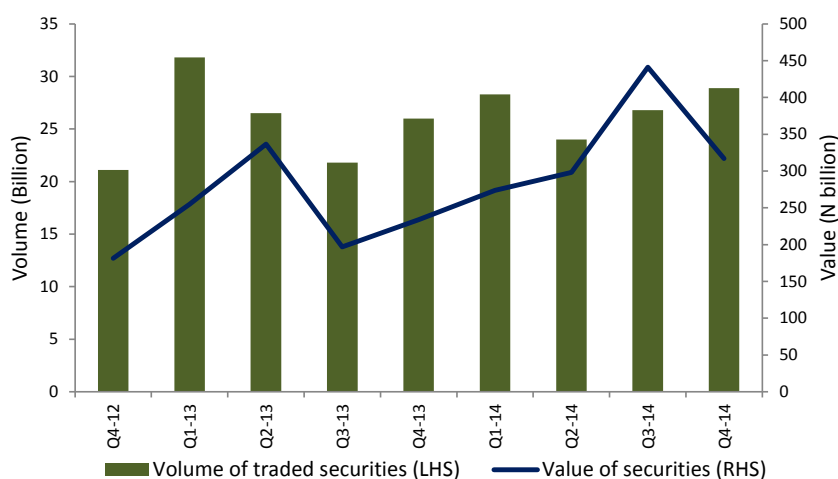
other amount owed to and other liabilities.

Discount houses' investment in Federal Government securities of less than 91-day maturity rose by 9.3 per cent to ₦57.6 billion and represented 60.4 per cent of their total deposit liabilities. At this level, discount houses' investment was 0.4 percentage point above the prescribed minimum level of 60.0 per cent for fiscal year 2014. Total borrowing by the discount houses was ₦23.6 billion, while their capital and reserves stood at ₦29.8 billion. This resulted in a gearing ratio of 0.8:1, compared with the stipulated maximum of 50:1 for the fiscal year.

2.6 Capital Market Developments

2.6.1 Secondary Market

Available data indicated that developments in the Nigerian Stock Exchange (NSE) were mixed in the fourth quarter of 2014. Aggregate volume of traded securities increased marginally by 7.8 per cent to 28.9 billion shares, while value of traded shares declined by 28.2 per cent to ₦316.99 billion in 279,274 deals, compared with 26.80 billion shares valued at ₦441.25 billion in 312,482 deals, in the third quarter of 2014. Provisional data indicated that the Financial Services Industry (measured by volume) led the activity chart with 21.8 billion shares valued at ₦173.2 billion traded in 149,100 deals; thus contributing 75.4 and 54.6 per cent to the total equity turnover volume and value respectively, compared with 20.6 billion shares valued at ₦203.6 billion traded in 149,030 deals recorded in the previous quarter. The Banking subsector of the Financial Services sector was the most active subsector (measured by volume) during the review quarter.

Figure 4: Volume and Value of Traded Securities**Table 3: Traded Securities on the Nigerian Stock Exchange (NSE)**

	Q4-12	Q1-13	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14
Volume (Billion)	21.1	31.84	26.5	21.8	26.0	28.3	24.0	26.8	28.2
Value (N Billion)	181.4	254.98	336.59	196.8	234.0	273.9	298.19	441.25	316.99

2.6.3 New Issues Market

There were two (2) new & four (4) supplementary listings in the review month (see table 4 below).

Table:4 New & Supplementary Listing on the Nigerian Stock Exchange Fourth Quarter 2014

S/N	Company	Additional Shares (Units)	Reasons	Listing
1	Unity Bank Plc	78.45 billion ordinary shares	Rights Issue	Supplementary
2	Omoluabi Savings & Loans Plc	5 billion ordinary shares	New	New
3	Daar Communication Plc	4.0 billion Ordinary share	Bonus Issue	Supplementary
4	Lotus Halal	62 million Halal Equity Fund	New	New
5	Oando Plc	215.6 million ordinary shares	Conversion	Supplementary
6	Champion Breweries Plc	6.3 billion ordinary shares	Rights Issue	Supplementary

2.6.4 Market Capitalization

Aggregate market capitalization for all listed securities (Equities and Bonds) stood at ₦16.9 trillion at the end of the quarter under review, indicating a decline of 10.9 per cent below the ₦18.9 trillion recorded in the preceding quarter.

Total market capitalization and All-Share Index declined during Q4 2014.

Similarly, market capitalization for the listed equities fell by 15.6 per cent to ₦11.5 trillion at the end of the review quarter, compared with the ₦13.6 trillion recorded in the preceding quarter. Listed equities accounted for 68.1 per cent of the aggregate market capitalization.

2.6.5 NSE All-Share Index

The All-Share Index, which opened at 41,210.10 at the beginning of the quarter, closed at 34,657.15 representing a decline of 15.9 per cent below the level at the end of previous quarter. At end-December 2014, the NSE Insurance and the NSE AseM indices rose by 0.3 and 27.6 per cent respectively, above their levels in the preceding quarter to 149.65 and 1,213.36, while the other five sectoral indices closed below their levels in the preceding quarter. The NSE Banking, NSE Consumer goods, NSE Oil/Gas, NSE Lotus Islamic and NSE Industrial indices fell by 17.3, 12.5, 17.5, 17.7 and 21.8 per cent, to close at 351.40, 903.54, 380.11, 2,43.89 and 2,139.55, respectively, at the end of the review period.

Figure 5: Market Capitalization and All-Share Index

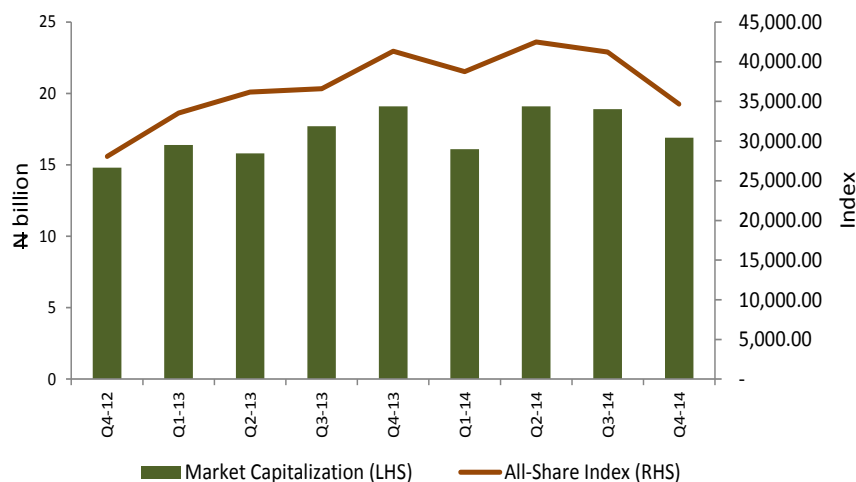


Table 5: Market Capitalization and All Share Index (NSE)

	Q4-12	Q1-13	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14
Market Capitalization (₦ trillion)	14.80	16.40	15.80	17.73	19.10	16.10	19.10	18.90	16.90
All-Share Index (Equities)	28,078.80	33,536.25	36,164.31	36,585.08	41,329.19	38,748.01	42,482.48	41,210.10	34,657.15

3.0 Fiscal Operations

3.1 Federation Account Operations

Available data showed that total federally-collected revenue during the fourth quarter of 2014 stood at ₦2,299.18 billion, reflecting a decline of 17.4 and 15.4 per cent, when compared with the levels in the preceding quarter and the proportionate quarterly budget estimate, respectively. The development relative to the budget estimate was attributed to the decline in oil revenue (Fig. 6, Table 6).

Gross federally - collected revenue declined by 17.4 per cent below the level in the third quarter of 2014.

Figure 6: Components of Gross Federally Collected Revenue

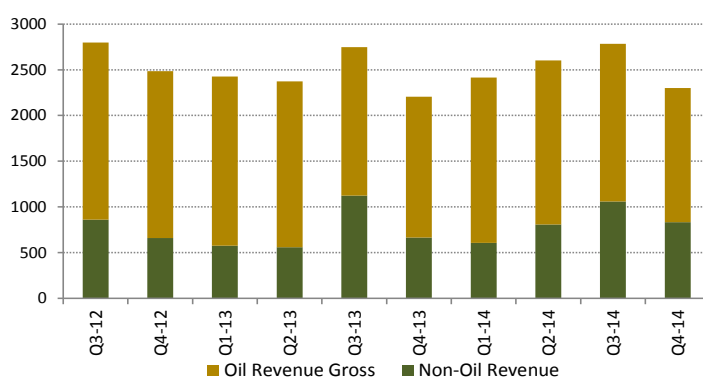


Table 6: Gross Federation Account Revenue (₦ billion)

	Q4-12	Q1-13	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14
Federally-collected revenue (Gross)	2461.23	2440.76	2365.74	2748.74	2204.55	2495.74	2613.30	2783.46	2299.18
Oil Revenue	1800.75	1834.27	1813.77	1622.79	1538.40	1808.86	1795.53	1723.11	1466.22
Non-Oil Revenue	660.48	606.48	551.98	1125.95	666.15	686.88	817.77	1060.30	832.95

At ₦1,466.22 billion, gross oil receipts, which constituted 63.8 per cent of the total, fell by 14.9 per cent below the receipts in

the preceding quarter. It also fell below the proportionate budget estimate by 18.1 per cent. The development relative to the budget estimate was attributed, largely, to the fall in crude oil and gas exports during the review quarter (Fig. 7, Table 7).

Figure 7: Gross Oil Revenue and Its Components

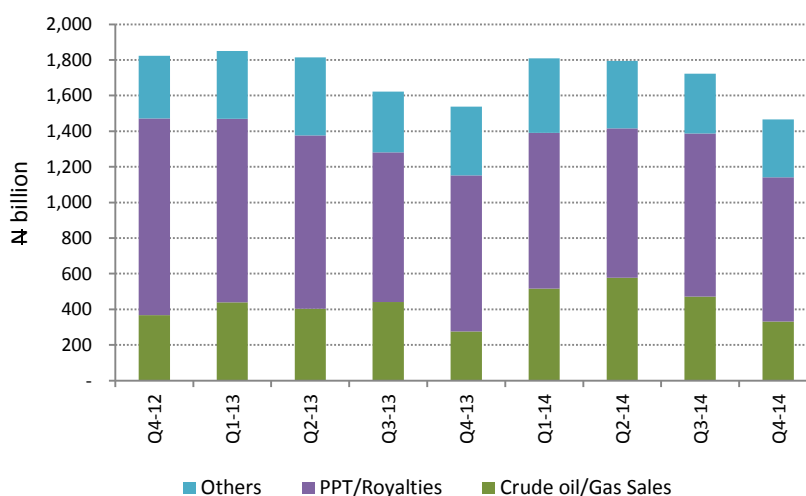


Table 7: Components of Gross Oil Revenue (N billion)

	Q4-12	Q1-13	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14
Oil Revenue	1800.75	1834.27	1813.77	1622.79	1538.40	1808.86	1795.53	1723.11	1466.22
Crude oil/Gas Sales	366.65	439.14	403.80	440.09	275.93	516.63	577.41	470.99	331.18
PPT/Royalties	1103.96	1030.23	973.06	840.37	875.30	874.47	838.89	916.31	809.89
Others	330.14	380.10	436.91	342.33	387.18	417.76	379.23	335.81	325.15

Non-oil receipts (gross), at ₦832.95 billion (36.2 per cent of the total), was below the proportionate budget estimate by 10.2 per cent. It also fell below the level in the third quarter of 2014 by 21.4 per cent. The fall in non-oil revenue relative to the proportionate budget estimate was due, largely, to the decline in corporate tax during the review quarter. (Fig. 8, Table 8).

Figure 8: Gross Non-Oil Revenue and its Components

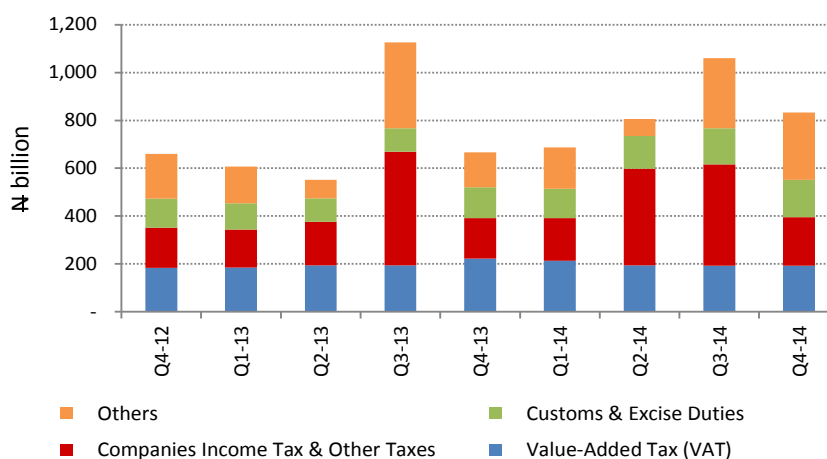


Table 8 Components of Gross Non-Oil Revenue (₦ billion)

	Q4-12	Q1-13	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14
Non-Oil Revenue	660.48	606.48	551.98	1125.95	666.15	686.27	817.77	1060.35	832.95
Value-Added Tax (VAT)	183.83	185.53	193.64	194.41	222.02	213.80	194.15	193.39	192.88
Companies Income Tax & Other Taxes	168.09	158.33	183.04	475.08	169.07	178.12	404.20	422.60	202.38
Customs & Excise Duties	121.01	109.94	97.26	97.44	128.95	121.63	136.28	151.53	156.80
Others/1	187.55	152.68	78.04	359.02	146.11	172.72	83.14	292.83	280.89

1/ Include FGN Independent Revenue, Education Tax, NITDF & Customs Federation/Non-Federation Account Levies (Port, Sugar, ETLs, Steel, CISS & Cement Levies)

Of the gross federally-collected revenue during the review quarter, the sum of ₦1,342.81 billion (net 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 ₦638.38 billion, while the state and local governments received ₦323.79 billion and ₦249.63 billion, respectively. The balance of ₦131.0 billion went to the 13.0% Derivation Fund for distribution among the oil-producing states. Also, the Federal Government received ₦27.77 billion from the VAT Pool Account, while the state and local governments received ₦92.58 billion and ₦64.81 billion, respectively.

Furthermore, the sum of ₦2.77 billion, being distribution from Excess crude, was shared among the three tiers of governments as follows: Federal Government (₦1.27 billion), State Governments (₦0.64 billion), and local government (₦0.50 billion) and 13% Derivation Fund (₦0.36 billion).

The sum of ₦1,342.81 billion out of the gross federally collected revenue was distributed among the three tiers of government and 13.0% Derivation Fund for oil producing states.

The sum of ₦106.65 billion was also distributed as Subsidy Re-Investment and Empowerment Programme (SURE-P) among the three tiers of government and the 13% Derivation Fund as follows: Federal Government (₦48.88 billion), State Governments (₦24.79 billion), Local Governments (₦19.11 billion) and 13% Derivation Fund (₦13.86 billion).

Thus, the total allocation to the three tiers of government in the fourth quarter of 2014 amounted to ₦1,748.11 billion, compared with ₦1,982.20 billion in the preceding quarter and the proportionate quarterly budget estimate of ₦2,095.20 billion.

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 receipt in the preceding quarter.

At ₦928.14 billion, the Federal Government retained revenue for the fourth quarter of 2014 was lower than the provisional budget estimate and the receipt in the preceding quarter by 13.0 and 9.3 per cent, respectively. Of this amount, the Federal Government's share from the Federation Account, Sure-P, VAT, FGN Independent Revenue and "Others" were ₦638.38 billion, ₦48.88 billion, ₦27.77 billion, ₦150.81 and ₦21.80 billion, respectively (Fig. 9, Table 9).

Figure 9: Federal Government Retained Revenue

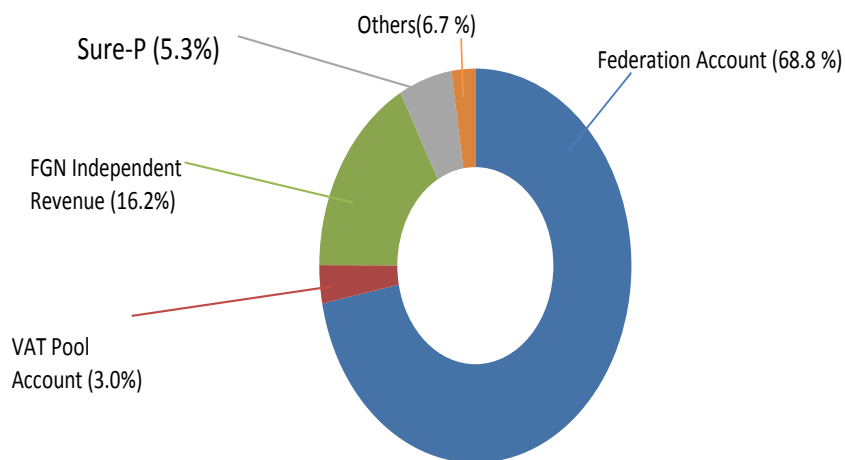


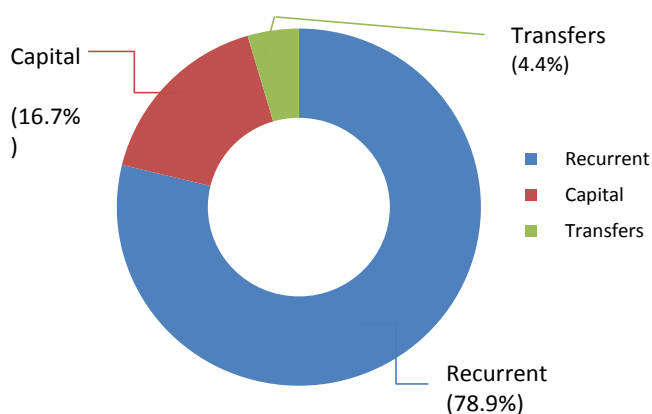
Table 9: Federal Government Fiscal Operations (₦ billion)

	Q4-12	Q1-13	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14
Retained Revenue	843.9	1018.8	941.4	1174.4	897.3	912.1	864.2	1023.1	928.1
Expenditure	1100.5	1108.9	1266.7	1276.7	1533.0	1114.8	1193.5	1166.6	1149.9
Overall Balance: Surplus(+)/Deficit(-)	-256.5	-90.1	-325.3	-102.4	-635.7	-202.7	-329.4	-143.6	-221.8

Total estimated expenditure for the fourth quarter of 2014 stood at ₦1,149.94 billion, indicating decline of 12.1 and 1.4 per cent, below the quarterly budget estimate and the level in the preceding quarter, respectively. The development relative to the proportionate quarterly budget estimate was attributed, mainly, to the fall in the capital component during the period. A breakdown of the total expenditure showed that the recurrent component accounted for 78.9 per cent, while capital and statutory transfers segment accounted for 16.7 and 4.4 per cent, respectively (Fig. 10). A further breakdown of the recurrent expenditure showed that the non-debt component accounted for 72.6 per cent, while debt service payments accounted for the balance of 27.4 per cent.

Thus, the fiscal operations of the Federal Government resulted in an estimated deficit of ₦221.80 billion, compared with the provisional quarterly budget deficit of ₦241.05.

Fiscal operations of the FG resulted in an estimated deficit of ₦221.80 billion in Q4 2014.

Figure 10: Federal Government Expenditure

3.2.2 *Statutory Allocations to State Governments*

Total allocation to state governments (including the Federation Account, 13.0% Derivation Fund and VAT) stood at N620.29 billion during the review quarter. This was lower than the level in the preceding quarter and the corresponding quarter of 2013 by 10.7 and 14.9 per cent, respectively. Further breakdown showed that receipts from the Federation Account was N527.71 billion (85.1 per cent), while VAT contributed N92.58 billion (14.9 per cent). The share of Federation Account was 12.3 and 15.2 per cent lower than the level in the preceding quarter and the corresponding quarter of 2013, respectively. Receipts from the VAT Pool Account fell below the level in the preceding quarter and the proportionate quarterly budget estimate by 0.4 and 8.5 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 fourth quarter of 2014, stood at ~~N~~349.99 billion. This was below the level in the preceding and the corresponding quarters of 2013 by 12.1 and 13.5 per cent, respectively. Of the total amount, allocation from the Federation Account was ~~N~~285.19 billion (81.5 per cent), while VAT Pool Account accounted for the balance of ~~N~~64.81 billion (18.5 per cent).

Domestic Economic Conditions

The dominant activities in the Agricultural subsector, in the fourth quarter of 2014, were harvesting of tubers, fruits and vegetables and preplanting operations. In the livestock sub-sector, farmers were engaged in fattening of stocks in anticipation of the end of year sales. Crude oil production was estimated at 1.99 million barrels per day (mbd) or 183.08 million barrels for the quarter. The end-period inflation rate for the fourth quarter of 2014, on year-on-year basis, was 8.0 per cent, compared with 8.3 and 8.0 per cent at the end of the preceding quarter and the corresponding quarter of 2013, respectively. The inflation rate on a 12-month moving average basis remained at 8.0 per cent, same as in the preceding quarter, but was 0.5 percentage point lower than the level in the corresponding quarter of 2013.

4.1 Agricultural Sector

Available data indicated that agricultural activities were centered on harvesting of tubers, fruits and vegetables as well as pre-planting operations in preparation for dry season planting. In the livestock sub-sector, farmers were engaged in fattening of stocks in anticipation of the end of year sales. However, vast areas in the North-Eastern part of the country were undercultivated due to insecurity that displaced most of the farmers in the area.

A total of ₦3,658.9 million was guaranteed to 19,291 farmers under the Agricultural Credit Guarantee Scheme (ACGS) in the fourth quarter of 2014. This amount represented an increase of 7.3 and 25.6 per cent above the levels in the preceding quarter and the corresponding period of 2013, respectively. A sub-sectoral analysis showed that food crops obtained the largest share of ₦1,516.1 million (41.4 per cent) guaranteed to 10,765 beneficiaries. This was followed by livestock, ₦806.9 million (22.1 per cent) guaranteed to 2,553 beneficiaries, mixed crops had ₦741.3 million (20.3 per cent) guaranteed to 3,394 beneficiaries, while 'Others' received ₦274.7 million (7.5 per cent) guaranteed to 887 beneficiaries. About ₦211.2 million (5.8 per cent) was guaranteed to 887 beneficiaries in the Cash Crop sub-sector, while Fisheries sub-sector received ₦108.7 million (2.9 per cent) guaranteed to 399 beneficiaries.

Analysis by state showed that all the 36 states including the Federal Capital Territory benefited from the Scheme in the fourth quarter of 2014, with the highest and lowest sums of ₦666.1 million (18.2 per cent) and ₦1.3 million (0.04 per cent) guaranteed to Delta and Niger states, respectively.

At end-December 2014, the total amount released by the CBN under the Commercial Agriculture Credit Scheme (CACS) to the participating banks for disbursement stood at ₦262.8 billion for 343 (three hundred and forty three) projects (Table 10).

Table 10: Disbursement of Credit Under the Commercial Agriculture Credit Scheme (CACS)

S/N	Participating Banks	Amt Disbursed (₦ billion)	Number of Projects/State Governments
1	United Bank for Africa (UBA) Plc	43.8	36
2	Zenith Bank	44.3	29
3	First Bank of Nigeria Plc	32.7	79
4	Unity Bank Plc	23.9	25
5	Union Bank Nigeria PLC	18.2	21
6	Stanbic IBTC Bank	17.2	31
7	Sterling Bank Plc	15.6	22
8	Access Bank Plc	12.6	15
9	Fidelity Bank Plc	10.9	8
10	Skye Bank Plc	9.7	7
11	GTBank Plc	5.8	9
12	FCMB Plc.	6.1	15
13	ECOBANK	6.4	10
14	Heritage Bank Plc	3.2	3
15	Diamond Bank Plc	3.7	14
16	Citibank Plc	3.0	2
17	Keystone Bank	2.1	3
18	Mainstreet Bank	2	1
19	Wema Bank	1.1	7
20	Enterprise Bank	0.5	6
	TOTAL	262.8	343

4.2 Industrial Production

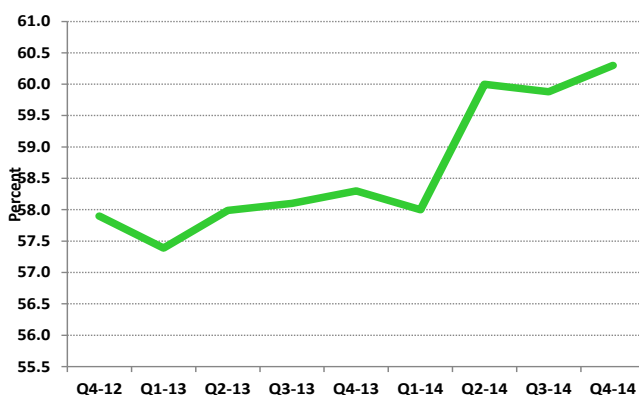
Industrial activities rose marginally during the fourth quarter of 2014 relative to the level in the preceding quarter. At 139.45 (1990=100), the estimated index of industrial production rose marginally by 0.3 and 0.2 per cent above the levels in the preceding quarter and the corresponding quarter of 2013, respectively. The improved performance was attributed to a marginal rise in industrial activities in all the sub-sectors.

Industrial activities rose in the review quarter due to marginal increase in activities in all the sub-sector.

The estimated index of manufacturing production, at 108.98 (1990=100), rose by 0.5 per cent, compared with the level in the preceding quarter. However, it declined by 2.0 per cent relative to the level in the corresponding period of 2013. Estimated capacity utilization, at 60.3 per cent, rose by 0.4 percentage point above the level in the preceding quarter. The development was attributed to the increase in manufacturing activities occasioned by increased investment in the pharmaceutical, food, beverages and auto-mobile sub-sectors. (Fig.11).

Actual industrial capacity utilization rose by 0.4 percentage point during the review quarter.

Figure 11: Manufacturing Capacity Utilization Rate



At 147.59 (1990=100), the index of mining production rose by 0.1 and 0.6 per cent relative to the levels attained in the preceding quarter and the corresponding period of 2013, respectively. The increase in mining production during the review quarter, was accounted for by the increase in crude oil and gas production.

At 3,150 MW/h, estimated average electricity generation rose by 8.6 per cent, compared with the level attained in the third quarter of 2014. The development was attributed to the improvement in power generation across the country.

At 3,012 MW/h, estimated average electricity consumption increased by 5.0 per cent, compared with the level attained

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

in the third quarter of 2014. The rise in electricity consumption was attributed to the low power outages as a result of improvement in power generation (Fig. 12, Table 11).

Figure 12: Index of Industrial Production (1990=100)

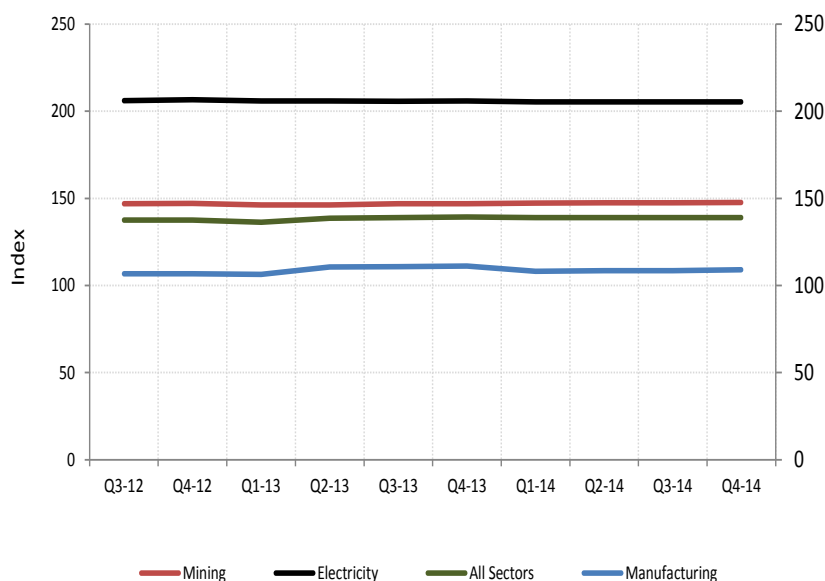


Table 11: Index of Industrial Production and Manufacturing Capacity Utilization Rate

	Q4-12	Q1-13	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14
All Sectors (1990=100)	137.6	136.4	138.7	139.0	139.2	138.98	139.00	139.00	139.45
Manufacturing	106.84	106.35	110.56	110.87	111.2	108.45	108.4	108.4	108.98
Mining	147.12	146.19	146.25	147	146.98	147.23	147.5	147.5	147.59
Capacity Utilization (%)	57.87	57.39	57.99	58.10	58.30	58.00	60.00	59.88	60.30

4.3 Petroleum Sector

Crude oil and natural gas production increased in the fourth quarter 2014.

Crude oil export rose in Q4 2014.

Nigeria's crude oil production, including condensates and natural gas liquids, averaged 1.99 mbd or 183.08 million barrels (mb) in the review quarter. This represented an increase of 0.01 mbd (0.5 per cent), compared with the 1.98 mbd or 182.16 million barrels produced in the preceding quarter. Crude oil export was estimated at 1.54 mbd or (141.68 million barrels), representing an increase of 0.7 per cent, compared with 1.53 mbd or 140.76 million barrels (mb) recorded in the preceding quarter. The development was attributed to improved surveillance around oil installations which curtailed the incessant oil theft, illegal bunkering and production cuts

experienced in the early part of the year. Allocation of crude oil for domestic consumption was 0.45 mbd or 41.4 million barrels during the review period.

At an estimated average of US\$77.74 per barrel, the price of Nigeria's reference crude, the Bonny Light (37° API), fell by 24.6 per cent below the level in the third quarter of 2014. The average prices of other competing crudes, namely the U.K Brent, the West Texas Intermediate and the Forcados also fell to US\$76.80, US\$73.21 and US\$77.99 per barrel, compared with US\$101.77, US\$96.38 and US\$103.49 per barrel, respectively, in the preceding quarter. At US\$73.49 per barrel, the average price of OPEC's basket of eleven crude streams fell by 27.1 and 31.7 per cent, below the average of US\$100.86 and US\$107.67/b recorded in the preceding quarter and the corresponding period of 2013, respectively. Increased supply of shale oil from North America which outweighed demand has continued to exert downward pressure in crude oil prices. Also, slow pace of economic activities in China and Russia as well as a strong US dollar further contributed to the downturn in crude oil prices (Fig. 13, Table 12).

Average crude oil prices, including Nigeria's Bonny Light (37° API) fell in the international crude oil market in Q4 2014.

Figure13: Trends in Crude Oil Prices

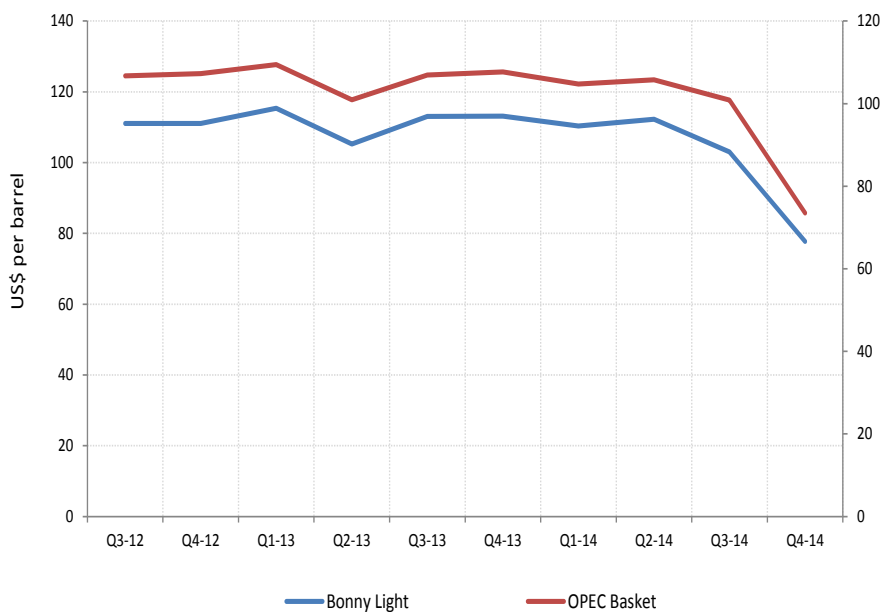


Table 12: Average Crude Oil Prices in the International Oil Market

	Q4-12	Q1-13	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14
Bonny Light	111.04	115.34	105.24	114.73	113.11	110.36	112.23	103.04	77.74
OPEC Basket	107.29	106.79	100.9	108.73	107.67	104.73	105.74	100.86	73.49

4.4 Consumer Prices³

The general price level rose in Q4 2014 on account of the increase in the prices of food items and non-alcoholic beverages.

Available data showed that the all-items composite Consumer Price Index (CPI) at the end of the third quarter of 2014 was 164.4 (November 2009=100), representing an increase of 1.9 and 7.9 per cent over the levels in the preceding and the corresponding quarters of 2013, respectively. The development relative to the previous quarter was driven largely by increase in the relative contributions of food and non-alcoholic beverages.

The urban all-items CPI at the end of the fourth quarter of 2014 was 163.4 (November 2009=100), indicating an increase of 1.9 and 7.9 per cent over the levels in the preceding quarter and the corresponding period of 2013, respectively. Similarly, the rural all-items CPI, at 165.5 (November 2009=100), represented an increase of 1.9 and 7.9 per cent over the levels in the preceding quarter and the corresponding period of 2013, respectively (Fig. 14, Table 13).

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

Figure 14: Consumer Price Index

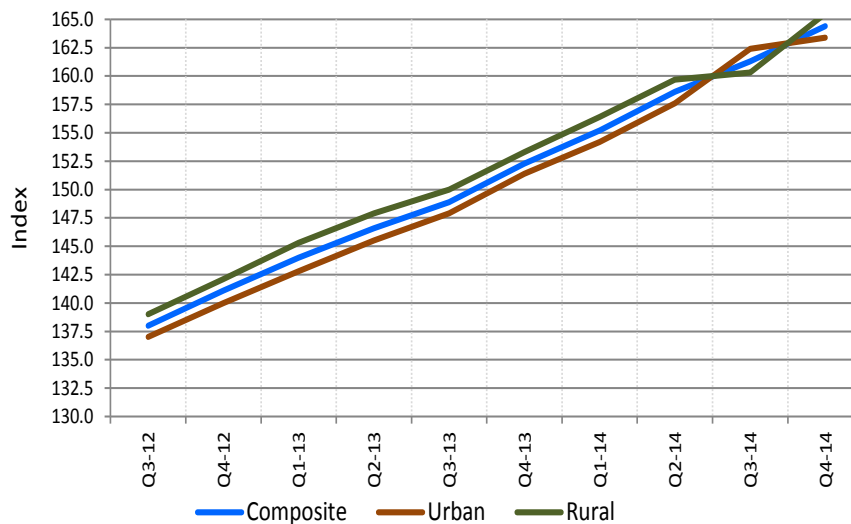


Table 13: Consumer Price Index (November 2009=100)

	Q4-12	Q1-13	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14
Composite	141.1	144	146.6	148.9	152.3	155.2	158.6	161.3	164.4
Urban	140	142.8	145.5	147.9	151.4	154.2	157.6	162.4	163.4
Rural	142.1	145.3	147.9	150	153.3	156.4	159.7	160.3	165.5

The inflation rate for the fourth quarter of 2014, on a year-on-year basis, stood at 8.0 per cent, compared with 8.3 per cent in the third quarter of 2013. This indicated 0.3 percentage point decline below the level in the preceding quarter. The inflation rate on a twelve-month moving average basis remained at 8.0 per cent, the same as in the third quarter (Fig. 15, Table 14).

The headline inflation (y-o-y) stood at 8.0 per cent in Q4 2014.

Figure 15: Inflation Rate

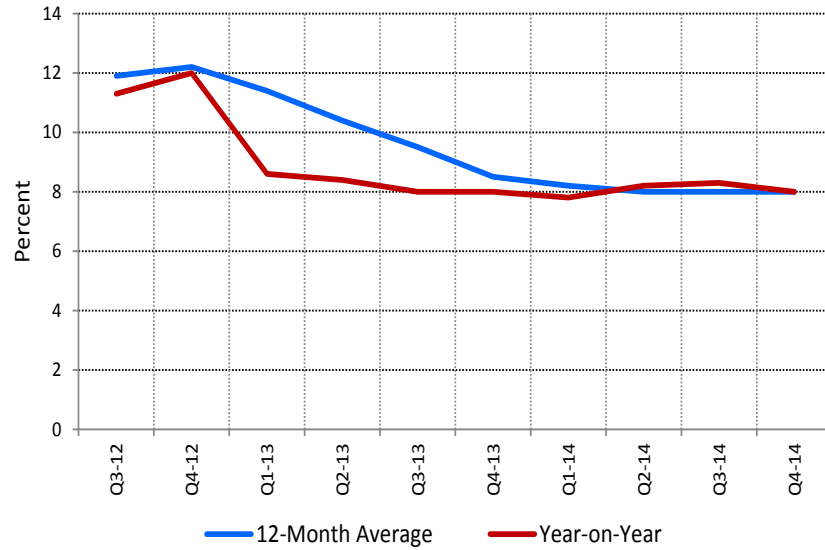


Table 14: Headline Inflation Rate (%)

	Q4-12	Q1-13	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14
12-Month Moving Average	12.2	11.4	10.4	9.5	8.5	8.2	8.0	8.0	8.0
Year-on-Year	12.0	8.6	8.4	8.0	8.0	7.8	8.2	8.3	8.0

5.0 External Sector Developments

Provisional data indicated that foreign exchange inflow through the CBN in the fourth quarter of 2014 declined by 20.9 per cent below the level in the preceding quarter, but rose by 9.4 per cent above the level in the corresponding quarter of 2013. Outflow through the Bank, however, rose by 20.4 and 31.7 per cent above the levels in the preceding quarter and the corresponding quarter of 2013, respectively. Total non-oil export receipts fell by 40.1 per cent below the level in the preceding quarter, but was 66.6 per cent above the level in the the corresponding quarter of 2013. Relative to the preceding quarter, the average naira exchange rate at the rDAS vis-à-vis the US dollar, depreciated by 3.1 per cent to ₦162.33 per dollar. At the BDC segment of the market, the average naira exchange rate, at ₦178.24 vis-à-vis the dollar also depreciated by 5.2 per cent, relative to the level in the preceding quarter. Similarly, at the inter-bank segment, the average naira exchange rate, relative to the preceding quarter, depreciated to ₦172.16 per dollar. The gross external reserves fell by 10.5 per cent to US\$34.25 billion, compared with its level at the end of the preceding quarter.

5.1 Foreign Exchange Flows

Provisional data indicated that foreign exchange inflow through the CBN in the fourth quarter of 2014 amounted to US\$10.36 billion, representing a decline of 20.9 per cent below the level in the preceding quarter, but was an increase of 9.4 per cent above the level in the corresponding quarter of 2013. The development was due to the fall in both its oil and non-oil components. Foreign exchange outflow amounted to US\$14.21 billion, showing an increase of 20.4 and 31.7 per cent above the levels in the preceding quarter and the corresponding quarter of 2013, respectively. The higher outflow, relative to the preceding quarter, was attributed, largely, to the increase in rDAS utilization and other official payments. The development resulted in a net outflow of US\$3.85 billion, compared with the net outflow of US\$1.32 billion in the corresponding quarter of 2013, but was in contrast to the net inflow of US\$1.29 billion recorded in the preceding quarter (Fig.16, Table 15).

Foreign exchange inflow through the CBN declined by 20.9 per cent, while outflow rose by 20.4 per cent, resulting in a net outflow of US\$3.85 billion in Q4 of 2014.

Figure 16: Foreign Exchange Flows Through the CBN

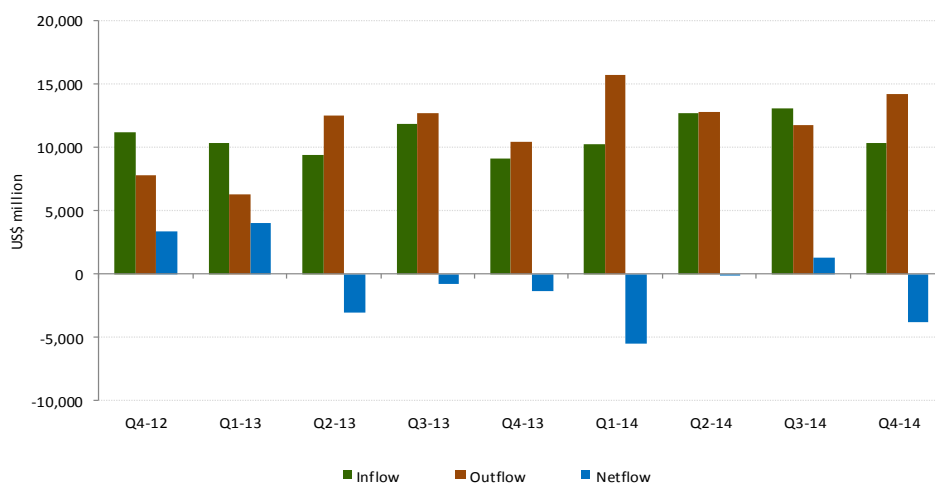


Table 15: Foreign Exchange Flows Through the CBN (US\$ million)

	Q4-12	Q1-13	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14
Inflow	11,168.38	10,304.46	9,442.91	11,857.35	9,465.52	10,221.43	12,667.31	13,094.23	10,359.39
Outflow	7,817.12	6,313.04	12,542.53	12,667.33	10,789.61	15,695.66	12,806.25	11,804.98	14,211.63
Netflow	3,351.26	3,991.42	(3,099.62)	(809.98)	(1,324.09)	(5,474.23)	(138.94)	1,289.25	(3,852.24)

Provisional data on aggregate foreign exchange flows through the economy indicated that total inflow amounted to US\$36.15 billion, representing a decline of 18.3 per cent below the level in the preceding quarter but an increase of 2.8 per cent above the level in the corresponding quarter of 2013. The development was attributed, largely, to the decline in receipts from crude oil sales and inflow through autonomous sources. Oil sector receipts, which accounted for 21.5 per cent of the total, stood at US\$7.77 billion, compared with the US\$9.95 billion and US\$8.49 billion recorded in the preceding quarter and the corresponding quarter of 2013, respectively.

Autonomous inflows into the economy fell by 17.3 per cent in Q4 2014 .

Non-oil public sector inflow, at US\$2.59 billion (7.2 per cent of the total), fell by 17.5 per cent below the level in the preceding quarter, but indicated an increase of 165.4 per cent above the level in the corresponding quarter of 2013. Autonomous inflow, which accounted for 71.3 per cent of the total, fell by 17.3 per cent below the level in the preceding quarter.

At US\$14.50 billion, aggregate foreign exchange outflow from the economy rose by 17.7 and 29.3 per cent above the levels in the preceding quarter and the corresponding quarter of 2013, respectively. The increase, relative to the preceding quarter, was accounted for, mainly, by rise in rDAS utilization and other official payments, especially NNPC/JVC cash calls. Overall, a net inflow of US\$21.64 billion was recorded in the fourth quarter of 2014, compared with US\$31.93 billion and US\$23.95 billion in the preceding quarter and the corresponding quarter of 2013, respectively.

5.2 Non-Oil Export Earnings by Exporters

Total non-oil export earnings by Nigerian exporters during the fourth quarter of 2014 stood at US\$2.57 billion, indicating a decline of 40.1 per cent below the level in the preceding month, but was an increase of 66.6 per cent above the level in the corresponding quarter of 2013. The development, relative to the preceding quarter was attributed, mainly, to the significant fall in receipts from agricultural sector. A breakdown of the proceeds showed that agricultural products, manufactured products, industrial sector, minerals, and food products earned US\$0.92 billion, US\$0.86 billion, US\$0.74 billion, US\$0.03 billion, and US\$0.02 billion, respectively.

The shares of agricultural products, manufactured products, industrial sector, minerals and food products in non-oil export proceeds were 35.8, 33.6, 28.7, 1.1 and 0.8 per cent, respectively.

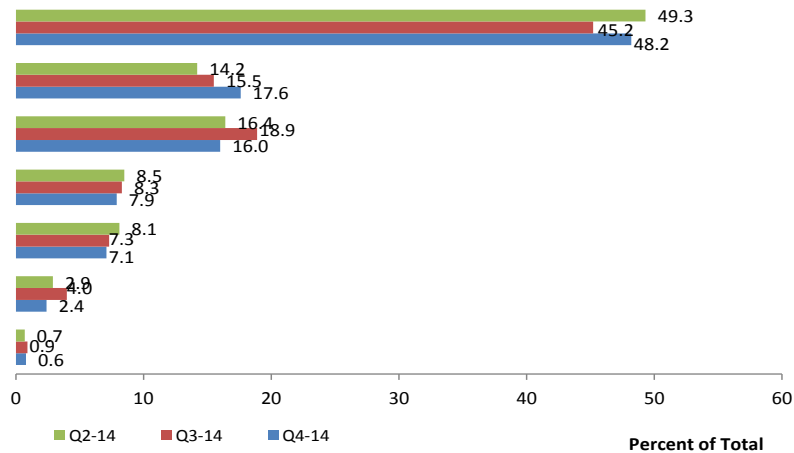
5.3 Sectoral Utilisation of Foreign Exchange

Available data indicated that the invisible sector accounted for the bulk (48.2 per cent) of total foreign exchange disbursed in the fourth quarter of 2014, followed by industrial sector (17.6 per cent). Other beneficiary sectors, in a descending order included: mineral and oil sector (16.0 per cent), manufactured products (7.9 per cent), food products (7.1 per cent), transport sector (2.4 per cent) and agricultural products (0.8 per cent) (Fig.17).

Total non-oil export earnings by exporters fell during the fourth quarter of 2014.

The invisible sector accounted for the bulk of the total foreign exchange disbursed during Q4 2014.

Figure 17: Sectoral Utilisation of Foreign Exchange



Demand and supply of foreign exchange by authorized dealers rose during Q4 2014.

5.4 Foreign Exchange Market Developments

Foreign exchange demand by the authorized dealers in the review quarter was estimated at US\$14.86 billion, indicating increase of 34.2 and 23.9 per cent above the levels in the preceding quarter and the corresponding quarter of 2013, respectively. The development, relative to the preceding quarter was attributed, largely, to arbitrage activities occasioned by the falling price of crude oil especially towards the end of the review quarter. The sum of US\$12.46 billion was sold by the CBN during the review quarter, indicating increase of 22.6 and 36.9 per cent above the levels in the preceding quarter and the corresponding quarter of 2013, respectively (Fig. 18, Table 16).

Figure 18: Demand for and Supply of Foreign Exchange

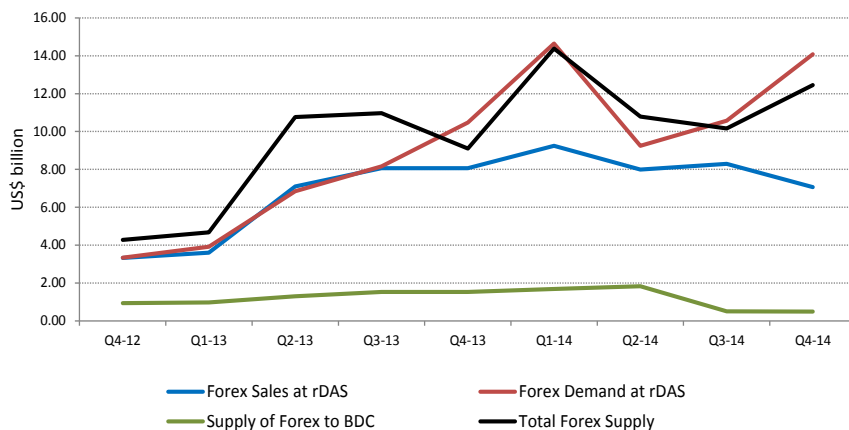


Table 16: Demand for and Supply of Foreign Exchange (US\$ billion)

	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14
Forex Sales at RDAS	7.10	8.06	7.07	9.24	7.99	8.29	7.06
Forex Demand at RDAS	6.80	8.06	10.47	14.65	9.25	10.58	14.08
Supply of Forex to BDC	1.30	1.51	1.53	1.68	1.83	0.50	0.49
Total Forex Supply(BDC and RDAS)	10.80	10.98	9.10	14.40	10.79	10.16	12.46

Under the rDAS, the average exchange rate of the naira vis-à-vis the US dollar, at ₦162.33 per US dollar, depreciated by 3.1 per cent a piece below the levels in the preceding quarter and the corresponding quarter of 2013. At the bureau-de-change segment of the market, the naira traded at an average of ₦178.24 per US dollar, indicating a depreciation of 5.2 and 5.8 per cent relative to the levels in the preceding quarter and the corresponding quarter of 2013, respectively. Similarly, at the inter-bank segment, the naira exchanged at an average of ₦172.16 to the US dollar, indicating a depreciation of 5.7 and 7.5 per cent relative to the levels in the preceding quarter and the corresponding quarter of 2013, respectively (Fig. 19, Table 17).

The premium between the rDAS and the bureau-de-change rates widened to 9.8 per cent in the fourth quarter of 2014 from 7.4 per cent in the preceding quarter. Similarly, the premium between the rDAS and inter-bank widened to 6.1 per cent from 3.2 per cent in the preceding quarter (Fig. 20, Table 17).

The average naira exchange rate vis-à-vis the US dollar depreciated in all the segments of the foreign exchange market in Q4 2014.

The premium between the rDAS and the BDC rates, and between rDAS and the interbank widened in the review quarter.

Figure 19: Average Exchange Rate Movements

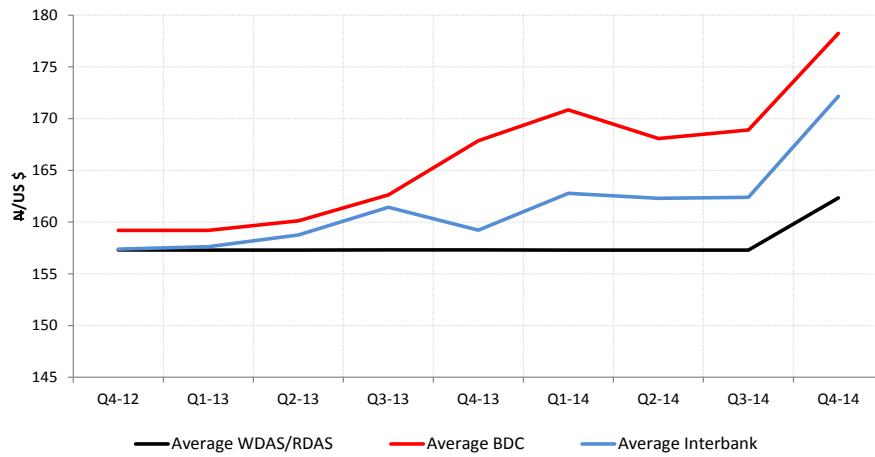
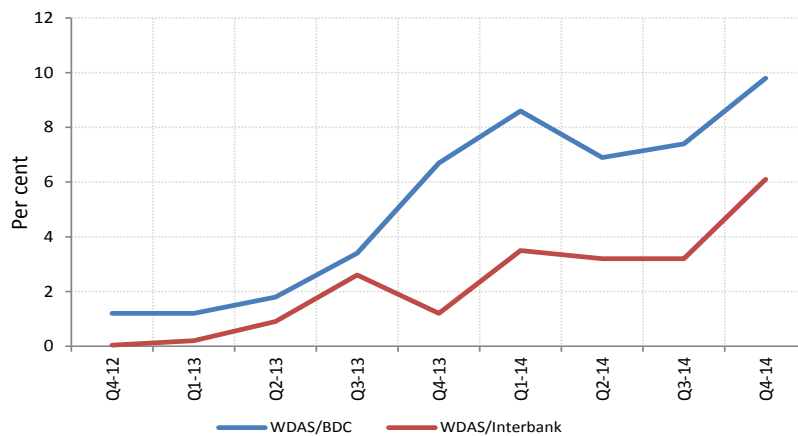


Table 17: Exchange Rate Movements and Exchange Rate Premium

Average Exchange Rate (N/US\$)	Q4-12	Q1-13	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14
rDAS	157.32	157.30	157.30	157.32	157.32	157.30	157.29	157.29	162.33
BDC	159.19	159.18	160.12	162.62	167.86	170.84	168.08	168.90	178.24
Interbank	157.38	157.57	158.75	161.43	159.22	162.78	162.29	162.39	172.16
Premium (%)									
rDAS/BDC	1.2	1.2	1.8	3.4	6.7	8.6	6.9	7.4	9.8
RDAS/Interbank	0.0	0.2	0.9	2.6	1.2	3.5	3.2	3.2	6.1

Figure 20: Exchange Rate Premium



5.5 Gross External Reserves

Gross external reserves at the end of the fourth quarter of 2014 stood at US\$34.25 billion, indicating a decline of 10.5 per cent, from the level recorded at the end of the third quarter of 2014. The development was attributed, mainly, to increased funding of the rDAS utilization and intervention at the inter-bank market to stabilize the naira exchange rate. A breakdown of the reserves showed that CBN reserves stood at US\$27.79 billion (81.1 per cent), Federation reserves, US\$3.32 billion (9.7 per cent) and the Federal Government reserves, US\$3.14 billion (9.2 per cent) (Fig. 21, Table 18).

Gross external reserves fell during the fourth quarter 2014.

Figure 21: Gross External Reserves

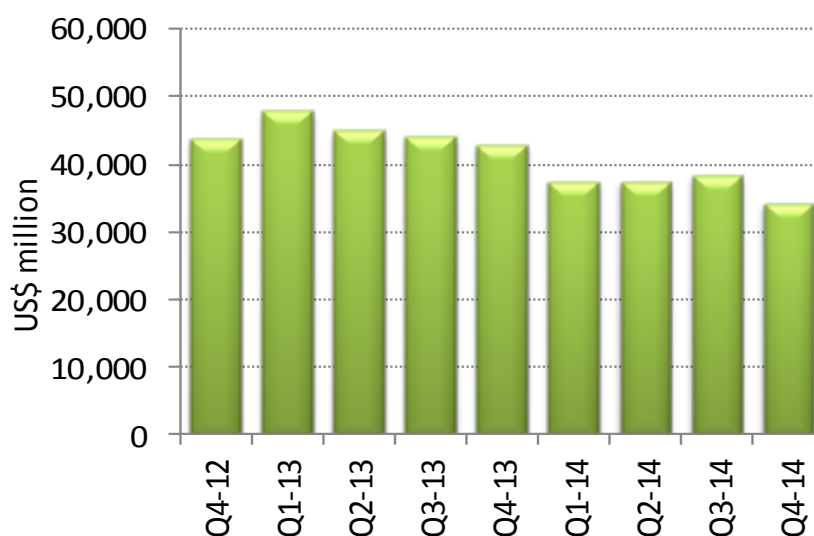


Table 18: Gross External Reserves (US\$ million)

	Q4-12	Q1-13	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14
External Reserves	43,830.4	47,884.1	44,957.0	44,108.5	42,847.3	37,376.4	37,330.0	38,278.6	34,246.4

6.0 *Global Economic Conditions*

6.1 **Global Output**

The World Bank in its "Global Economic Prospects" noted that the global recovery had been weaker than anticipated, partly due to lower than expected growth outturns in the euro area, Japan, Emerging Europe (Russia) and Latin America. In particular, lower growth prospects in the Euro area and Japan accounted for more than half of the downward revisions to global growth in 2014, as global growth moderated to 2.6 per cent in 2014, compared with 2.6 per cent in 2013.

Growth in the middle and low income countries fell to 4.4 per cent in 2014, attributed, largely, to cyclical factors, domestic policy tightening, structural factors, (including a trend slow down in productivity) and political tensions which dampened growth prospects over the medium-term. Growth in the East Asia and Pacific region slipped to 6.9 per cent in 2014, while China, though still at a robust pace, slowed to 7.4 per cent due to structural reforms and continued prudential measures. In Europe, growth is estimated to have slowed to a lower-than-expected 2.4 per cent in 2014 due to the slow recovery in the euro area, severe slowdown in Russia and economic downturn in Ukraine.

In the Middle East and North Africa, growth remained fragile and uneven following years of turmoil. Growth in oil importing economies was broadly flat, while activity in oil-exporting countries recovered slightly. Growth in Sub-Saharan Africa, improved to 4.5 per cent for the second consecutive year, despite strong headwinds from declines in commodity price and the Ebola epidemic in West Africa. Growth in the region was strengthened on the back of rising public investment, robust capital inflows and solid harvests.

6.2 **Global Inflation**

Global inflation eased, reflecting economic slowdown and declining crude oil prices. Inflation in advanced economies remained low, indicating the existence of output gaps and deflation concerns. In the United States, Inflation, measured with the personal consumption expenditure deflator, was estimated at 1.6 per cent in 2014. In the United Kingdom,

inflation measured by its consumer price index, declined to 1.0 per cent in November from 1.3 per cent in October, 2014. euro-area inflation was estimated at 1.0 per cent. Provisional estimates from Eurostat indicated that Euro zone annual inflation was expected to reach negative 0.2 per cent at the end of 2014. In Japan, headline inflation rose by 2.4 per cent in November and was projected to increase to an annual average of 2.7 per cent in 2014, due to the increase in consumption tax and underlying price increases.

In Ghana, annual inflation rate rose to a four year high of 17.0 per cent in November above 16.9 per cent in October, driven by housing, gas and electricity prices. The deceleration in global inflation reflected to a large extent, the decline in commodity prices. There are expectations that global inflation will remain subdued as persistent output gaps, weak credit conditions and financial fragmentation combine to contain price pressures.

6.3 Global Commodity Demand and Prices

World crude oil demand was estimated at 92.69 mbd in the fourth quarter of 2014, representing an increase of 1.0 per cent above the 91.7 per cent recorded in the third quarter of 2014. World crude oil supply was estimated at an average of 93.23 mbd, representing an increase of 0.9 per cent above the level recorded in the preceding quarter.

The OPEC Reference Basket price of eleven selected crude streams stood at US\$73.49 per barrel in the fourth quarter of 2014, compared with US\$100.86/b and US\$107.67/b recorded in the preceding quarter and the corresponding quarter of 2013, respectively. Increased supply, particularly from North America, which has remained significantly higher than demand, has continued to exert downward pressure on crude oil prices.

The prices of the UK Brent, the West Texas Intermediate and the Forcados, also declined to close at US\$76.80, US\$73.21 and US\$77.99 per barrel, respectively.

6.4 International Financial Markets

Developments across global financial markets were mixed during the fourth quarter of 2014 as reflected in the major

indices. In North America, the S&P 500 index increased by 4.4 per cent, while the Mexican Bolsa and S&P/TSX Composite Indices declined by 4.1 and 2.2 per cent, respectively. In South America, the Brazilian Bovespa, Argentine Merval indices and Columbian IGBC general indices fell by 7.6, 26.7 and 9.2 per cent, respectively.

European stocks declined in the midst of weak economic growth, increasing deflationary pressures and a fast depreciating euro. In Europe, the German DAX index rose by 3.5 per cent, while the UK's FTSE 100, France's CAC 40, and Russia's MICEX indices declined by 0.9, 3.2 and 1.0 per cent, respectively.

In Asia, India's BSE Sensex, Japan's Nikkei 225 and China's Shanghai Stock Exchange-A indices increased by 3.3, 7.9 and 37.0 per cent, respectively.

In Africa, the Kenyan Nairobi NSE 20, Egyptian EGX CSE 30 and the Nigerian All Share Indices declined by 2.7, 9.0 and 15.9 per cent, respectively, while the South African JSE AS and Ghanaian GSE All-Share indices increased by 0.9 and 1.0 per cent, respectively. In Nigeria, the equities market was weighed down by several factors including unimpressive companies' earnings performance, observed increase in capital outflows, steady decline in international crude oil prices as well as uncertainty related to the forthcoming 2015 general elections.

During the fourth quarter of 2014, almost all currencies under review depreciated against the US Dollar. In North America, the Canadian Dollar and Mexican Peso depreciated against the US Dollar by 3.45 and 8.95 per cent, respectively. In South America, the Brazilian Real, Argentine Peso and Colombian Peso depreciated against the US Dollar by 7.89, 0.47, and 14.80 per cent, respectively. In Europe, the British Pound, Euro and Russian Ruble depreciated against the US Dollar by 3.13, 4.82 and 34.80 per cent, respectively.

In Asia, the Japanese Yen, Chinese Yuan and Indian Rupee depreciated against the US Dollar by 8.46, 1.13 and 2.03 per cent, respectively. In Africa, the Ghanaian Cedi appreciated against the US Dollar by 2.48 per cent, while the Nigerian naira, South African Rand, Kenyan Shilling and Egyptian Pound

depreciated against the US Dollar by 3.1, 2.42, 1.38 and 0.1 per cent, respectively.

6.5 Other International Economic Developments and Meetings

Other major international economic developments and meetings of importance to the domestic economy during the review quarter included: the 2014 Annual Meetings of the Board of Governors of the World Bank Group and the International Monetary Fund (IMF), held in Washington D.C., USA between October 6 and 13, 2014. During the meeting, the G-24 ministers noted that although the global economic recovery continued to be tepid and uneven, emerging market and developing countries (EMDC) fundamentals were generally strong and were expected to continue to account for the bulk of global growth.

Also, the African Development Bank Group's (AfDB) Board of Executive Directors approved a new Regional Integration Policy and Strategy (RIPoS) for the period 2014 - 2023 on Wednesday, November 19, 2014. The new RIPoS replaces the previous Regional Integration Strategy (RIS) and is focused on creating larger and more attractive markets and linking landlocked countries to international markets as well as supporting intra-African trade to foster the continent's development.

In a related development, the AfDB and the Alliance for a Green Revolution in Africa (AGRA), Kenya signed a grant agreement to support the growth and formalization of 54 African seed companies in eleven countries on November 14, 2014, in Nairobi, Kenya. The Fund for African Private Sector Assistance (FAPA) managed by the Bank provided US\$1.00 million to fund a technical assistance project in the form of Business Development Services for the 54 seed companies.

A high level strategy meeting was held on Thursday, October 9, 2014 in Washington D.C., USA between the AfDB and the IMF Managing Director Christine Lagarde, UN Secretary General Ban Ki-moon and World Bank President Jim Yong Kim, on efforts at combating the Ebola scourge. At the meeting,

the AfDB noted that it had already contributed more than \$200 million to support the fight against the spread of EVD and it assured the meeting that it will play its part to arrest the spread of the disease.

Finally, the Bureau Meeting of the Association of African Central Banks (AACB) was held on December 4, 2014 at the Bank of Mauritius Tower, Port Louis, Mauritius. The Meeting was convened to discuss pending issues following the deferment of the 2014 Annual Meetings (Bureau Meeting, Ordinary meeting of the Assembly of Governors' Symposium) as a result of the out-break of Ebola virus.

APPENDIX TABLES

Table A1: Money and Credit Aggregates

	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14
	<i>N billion</i>					
Domestic Credit (Net)	13294.5	14535.1	15040.7	15349.3	16095.6	16129.5
<i>Claims on Federal Government (Net)</i>	-2397.5	-1656.3	-1468.8	-1434.1	-1585.0	-2017.5
Central Bank (Net)	3374.8	-2289.1	-2101.6	-2097.3	-2579.4	-2534.3
Banks	977.3	632.8	632.8	663.2	994.4	516.7
<i>Claims on Private Sector</i>	15692.0	16191.4	16509.5	16783.4	17680.6	18147.0
Central Bank	4703.3	4599.4	4917.5	4905.3	4697.8	4851.4
Banks	10988.7	11592.0	11592.0	11878.1	12982.8	13295.6
<i>Claims on Other Private Sector</i>	15031.0	15388.7	15707.8	16003.1	16930.9	17389.2
Central Bank	4703.3	4575.8	4893.9	4881.7	4674.2	4827.9
Banks	10327.7	10812.9	10813.5	11121.4	12256.7	12561.4
<i>Claims on State and Local Government</i>	661.0	779.1	779.1	756.7	726.2	734.2
Central Bank	--	--	--	--	--	--
DMBs	661.0	779.1	779.1	756.7	726.2	734.2
<i>Claims on Non-financial Public Enterprises</i>	--	--	--	--	--	--
Central Bank	--	--	--	--	--	--
DMBs and Non Interest Banks	--	--	--	--	--	--
Foreign Assets (Net)	9016.9	8658.6	8513.3	7613.1	7751.7	7358.2
Central Bank	7413.7	7043.9	6898.6	5949.9	6436.3	6388.6
DMBs and Non Interest Banks	1603.2	1614.7	1614.7	1663.2	1315.4	969.5
Other Assets (Net)	-6718.2	-7504.8	-7885.0	-7262.7	-7032.8	6654.4
Total Monetary Assets (M2)	15593.3	15689.0	15688.9	15699.7	16814.5	16833.2
Quasi-Money 1/	8653.6	8656.1	8656.1	8807.9	9953.8	10566.6
Money Supply (M1)	6939.6	7032.8	7012.8	6891.8	6860.6	6266.7
<i>Currency Outside Banks</i>	1127.8	1446.7	1447.1	1226.6	1242.8	1366.7
<i>Demand Deposits 2/</i>	5811.8	5586.2	5565.5	5665.2	5617.8	4900.0
Total Monetary Liabilities (M2)	15593.3	15688.96	15688.9	15699.7	16814.5	16833.2
<i>Memorandum Items:</i>						
Reserve Money (RM)	3828.4	4649.9	5558.9	5036.8	4943.0	5964.8
<i>Currency in Circulation (CIC)</i>	1425.4	1474.1	1776.8	1574.4	1547.9	1798.0
Banks' Deposit with CBN	2403.0	1810.6	3782.1	3462.5	3395.1	4166.8

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

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

Table A2: Money and Credit Aggregates (Growth Rates)

	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14
	<i>Percentage Change Over Preceding Quarter</i>					
Domestic Credit (Net)	-0.47	11.06	2.05	-1.14	7.24	0.21
<i>Claims on Federal Government (Net)</i>	-25.51	48.1	2.36	-24.83	19.69	-27.29
<i>Claims on Private Sector</i>	3.74	-0.54	1.66	1.07	4.11	2.64
<i>Claims on Other Private Sector</i>	3.61	-1.19	1.89	1.27	4.35	2.71
<i>Claims on State and Local Government</i>	6.64	10.53	-2.88	-3.08	-0.99	1.11
<i>Claims on Non-financial Public Enterprises</i>						
Foreign Assets (Net)	-2.6	-3.0	-10.6	1.1	-1.1	-5.1
Other Assets (Net)	-13.81	1.88	7.89	4.46	-5.38	5.38
Total Monetary Assets (M2)	-7.9	9.2	0.2	1.5	4.0	0.1
Quasi-Money 1/	-6.76	7.28	1.75	6.05	6.56	6.16
Money Supply (M1)	-9.27	11.75	-1.73	-4.42	0.44	-8.66
<i>Currency Outside Banks</i>	3.58	23.84	-15.24	-5.23	6.96	9.97
<i>Demand Deposits 2/</i>	-11.8	8.99	1.79	-4.24	-0.89	-12.78
Total Monetary Liabilities (M2)	-7.9	9.2	0.2	1.5	4.0	0.1
<i>Memorandum Items:</i>						
Reserve Money (RM)	43.69	9.47	-9.39	-6.23	3.27	20.67
<i>Currency in Circulation (CIC)</i>	3.41	20.51	-11.39	-4.9	3.42	16.15
<i>DMBs Demand Deposit with CBN</i>	75.4	4.34	-8.45	-6.83	3.21	22.73
	<i>Percentage Change Over Preceding December</i>					
Domestic Credit (Net)	3.07	14.47	2.05	0.88	10.74	10.97
<i>Claims on Federal Government (Net)</i>	-30.07	32.5	-2.36	-21.89	4.3	-21.8
<i>Claims on Private Sector</i>	7.44	6.86	1.66	2.75	9.2	12.08
<i>Claims on Other Private Sector</i>	8.51	6.23	1.89	3.18	10.02	13
<i>Claims on State and Local Governments</i>	5.86	17.01	-2.88	-5.86	-6.8	-5.77
<i>Claims on Non-financial Public Enterprises</i>						
Foreign Asset (Net)	-1.33	-4.26	-10.57	-9.63	-10.47	-15.02
Other Asset (Net)	-22.23	-19.92	-7.89	12	6.29	11.33
Total Monetary Assets (M2)	-7.18	1.32	0.20	1.66	7.17	7.29
Quasi-Money 1/	0.07	7.36	1.75	7.91	14.99	22.07
Money Supply (M1)	-15.16	-5.23	-1.73	-6.07	-2.45	-10.89
<i>Currency Outside Banks</i>	-10.22	11.16	-15.24	-19.67	-14.09	-5.53
<i>Demand Deposits 2/</i>	-16.24	-8.72	1.79	-2.53	0.57	-12.28
Total Monetary Liabilities (M2)	-7.18	1.32	0.20	1.66	7.17	7.29
<i>Memorandum Items:</i>						
Reserve Money (RM)	25.52	37.41	-9.39	-15	-2.89	17.18
<i>Currency in Circulation (CIC)</i>	-9.66	8.87	-11.39	-15.7	-12.86	1.21
<i>DMBs Demand Deposit with CBN</i>	53.22	59.87	82.47	-14.7	2.45	25.74

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

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

Table A3: Federal Government Fiscal Operations (₦ billion)

	Q4-12	Q1-13	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14
Retained Revenue	843.94	1018.80	941.37	1174.37	897.26	912.07	859.20	1023.05	928.14
Federation Account	620.75	643.79	715.00	769.83	702.22	703.72	769.48	765.56	638.38
VAT Pool Account	26.47	26.72	27.88	27.99	31.97	30.79	27.96	27.85	27.77
FGN Independent Revenue	83.54	65.03	17.18	150.47	41.68	121.13	12.88	133.33	150.81
Excess Crude	0.00	0.00	70.93	0.00	70.90	0.00	0.00	0.00	1.27
Others/SURE-P	113.17	283.26	110.39	226.08	50.49	56.44	48.88	96.31	109.91
Expenditure	1100.47	1108.86	1266.70	1276.73	1533.00	1114.77	981.61	1166.60	1149.94
Recurrent	853.37	811.56	902.83	809.28	1165.37	758.07	816.06	818.94	907.69
Capital	347.74	218.09	281.59	391.55	217.15	272.52	80.64	236.82	191.77
Transfers	-100.65	79.21	82.28	75.91	150.47	84.19	84.91	85.47	52.36
Overall Balance: Surplus(+)/Deficit(-)	-256.53	-90.07	-325.33	-102.36	-635.74	-202.70	-122.41	-143.55	-221.80

