



CENTRAL BANK OF NIGERIA

***ECONOMIC REPORT
THIRD QUARTER 2010***

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 from the National Bureau of Statistics (NBS) showed that estimated gross domestic product (GDP) remained at the preceding quarter's level of 7.7 per cent. The development was driven mainly by the non-oil sector which contributed 84.8 per cent of the total GDP.

Broad money (M_2) rose by 3.5 per cent, relative to the preceding quarter. The development was accounted for largely, by the increase in domestic credit (net) and other assets (net) of the banking system. Similarly, narrow money (M_1), rose by 6.9 per cent, over the level in the preceding quarter. Over the level at end-December 2009, M_1 and M_2 rose by 5.0 and 4.3 per cent, respectively. Reserve money (RM) contracted by 12.4 per cent from the level at the end of the preceding quarter, and was below the indicative benchmark for end-Q3 2010 by 32.9 per cent.

Available data indicated a general decline in banks' deposit and lending rates. The spread between the weighted average term deposit and maximum lending rates widened from 17.01 percentage points in the preceding quarter to 17.82 percentage points. The margin between the average savings deposit and maximum lending rates also widened from 20.08 percentage points in the preceding quarter to 20.77 percentage points. The weighted average interbank call rate which stood at 2.98 per cent in the preceding quarter fell slightly to 2.50 per cent, reflecting the liquidity condition in the interbank funds market.

The value of money market assets outstanding increased by 7.4 per cent above the level in the preceding quarter to ₦3,801.9 billion. The development was attributed to the respective increase in FGN Bonds, Bankers' Acceptances (BAs) and Commercial Papers (CPs). Activities on the Nigerian Stock Exchange (NSE) were bearish during the quarter under review.

Total federally-collected revenue in the third quarter of 2010 stood at ₦2,023.58 billion, representing an increase of 0.5, 17.5 and 62.3 per cent above the proportionate budget estimate, the receipts in the preceding quarter and the corresponding quarter of 2009, respectively. At ₦1,502.04 billion, oil receipts, which constituted 74.2 per cent of the total, was higher than the proportionate budget estimate by 2.7 per cent. It also rose by 16.6 and 109.5 per cent, above the receipts in the preceding quarter and the corresponding quarter of 2009, respectively. The rise in oil receipts relative to the proportionate budget estimate was largely attributed to the sharp increase in domestic crude oil and gas sales. Non-oil receipts, at

₦512.54 billion (25.8 per cent of the total), was lower than the proportionate budget estimate by 5.2 per cent, but exceeded the levels in the preceding quarter and corresponding quarter of 2009 by 20.5 and 1.6 per cent, respectively. The shortfall relative to the proportionate budget estimate, reflected largely the decline in company income tax, customs and excise duties and independent revenue of the Federal Government.

Federal Government retained revenue for the third quarter of 2010 was ₦728.87 billion, while total expenditure was ₦1,028.15 billion. Thus, the fiscal operations of the Federal Government resulted in an estimated deficit of ₦299.28 billion or 3.9 per cent of estimated nominal GDP for Q3 2010, compared with the budgeted deficit of ₦387.70 billion and ₦150.39 billion for the quarter under review and the corresponding quarter of 2009, respectively.

Agricultural activities during the quarter under review centered on harvesting of root crops, such as yam, Irish and sweet potatoes, maize and groundnuts. Planting of late crops also continued in some parts of the country as a result of increased rainfall. In addition, farmers continued the preparation of land and nurseries for tomatoes, pepper, carrots, cabbage and other vegetables. In the livestock sub-sector, farmers restocked broilers and layers in preparation for the end of year sales.

Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at 2.19 million barrels per day (mbd) or 201.48 million barrels for the quarter. Crude oil export was estimated at 1.74 mbd or 160.08 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), estimated at US\$77.81 per barrel, fell by 2.37 per cent below the level in the preceding quarter.

The end-period headline inflation rate (year-on-year), for the third quarter of 2010, was 13.6 per cent, compared with 14.1 and 10.4 per cent recorded at the end of the preceding quarter and the corresponding quarter of 2009, respectively. Inflation rate on a twelve-month moving average basis for the third quarter was 13.8 per cent, compared with 13.1 and 13.1 per cent in the preceding quarter and the corresponding quarter of 2009, respectively.

Foreign exchange inflow and outflow through the Central Bank of Nigeria (CBN) amounted to US\$7.6 billion and US\$11.4 billion, respectively, resulting in a net outflow of US\$3.8 billion during the quarter. Foreign exchange sales by the CBN to the authorized dealers amounted to US\$10.8 billion in Q3 2010, compared with

US\$8.1 billion in the second quarter.

The average Naira exchange rate vis-à-vis the US dollar, depreciated by 0.2 per cent to ₦150.46 per dollar at the WDAS. At the bureaux-de-change segment of the market, the Naira also depreciated from ₦153.04 per dollar to ₦152.84 per dollar; while at the interbank segment, it depreciated from ₦151.05 per US dollar in Q2 2010 to ₦151.19 per dollar.

Non-oil export earnings by Nigerian exporters declined significantly, by 57.5 per cent, to US\$595.6 million from the level in the preceding quarter. The development was attributed largely to the fall in the prices of all the commodities traded at the international commodities market.

World crude oil output and demand in Q3 2010 were estimated at 85.75 mbd and 85.74 mbd, compared with the respective 85.73 mbd and 83.29 mbd supplied and demanded in the preceding quarter. The decline in demand was due to the continued slow pace of economic activities in the world economy, triggered by the deterioration in the United States economy.

International economic developments of relevance to the domestic economy during the review quarter included: the 15th African Union (AU) Summit of Heads of State and Government held in Kampala, Uganda from July 25-27, 2010. The Session was held on the theme, "Maternal, Infant and Child Health and Development in Africa."

The 2nd meeting of the Technical Sub-Committee on the Economic Community of West African States (ECOWAS) Single Currency Programme was held in Accra, Ghana from July 21-22, 2010, the Board of Directors of the African Development Bank (AfDB) Group approved a USD 150 million line of credit to Afreximbank in Tunis, on July 19, 2010, to finance trade and trade-related projects across the participating states of Afreximbank in Africa, support the private sector, and enhance productive capacity, as well as the continent's economic growth. Also, the inaugural meeting of the College of Supervisors of the West African Monetary Zone (CSWAMZ) was held at the Central Bank of Nigeria, Abuja from August 16 – 17, 2010, to fine-tune strategies for cross-border supervision in the sub-region. In addition, a meeting of the African Caucus of the International Monetary Fund (IMF) and World Bank was held in Freetown, Sierra Leone from August 16 – 17, 2010, to consider the draft Memorandum to be submitted to the heads of the BWIs at the IMF/World Bank Annual Meetings in October, 2010 (See August 2010 Report).

In a related development, the Association of African Central Banks (AACB) held its 34th Annual Meetings in Dakar, Senegal from 16 - 20 August 2010, and called on central banks in Africa to fully assume their role of financial regulators to prevent possible crises in the future.

Also, the First Conference of Africa Ministers Responsible for Civil Registration was held in Addis Ababa, Ethiopia from August 13 – 14, 2010, with the theme “Improved Civil Status Information for Efficient Public Administration and Generation of Vital Statistics for National Development and Millennium Development Goals (MDGs) Monitoring in Africa”. The Conference was preceded by a 2-day meeting of technical experts with recommendations focusing on: adopting policy measures; intensifying awareness, raising and revising laws and legislation in line with international and regional guidelines (See August 2010 Report).

The International Labour Organisation (ILO) report on Global Employment Trend for Youth 2010 explored how the global economic crisis exposed the vulnerabilities of young people around the world. According to the ILO projections, the global youth unemployment rate is expected to continue its increase through 2010, to 13.1 per cent, followed by a moderate decline to 12.7 per cent in 2011.

The 2010 Global Economic Symposium was held in Istanbul, Turkey from September 28 - 29, 2010 with the main theme “Achieving sustainability in the face of Systemic Risks” and the objective was to give a new impetus to global problem solving.

The 4th session of the Nigeria – Namibia Joint Commission was held in Abuja from September 22 – 23, 2010. A Memorandum of Understanding (MOU) on the Holding of Political and diplomatic consultations was signed by the two nations. The MOU committed them to allow regular diplomatic consultations in order to exchange views on bilateral, regional and international issues of mutual interest.

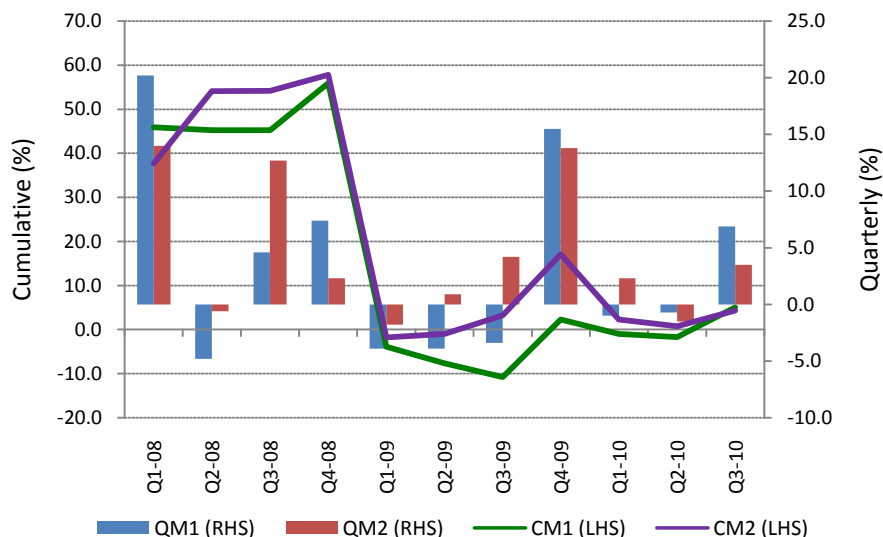
2.0 *Financial Sector Developments*

2.1 **Monetary and Credit Developments**

The key monetary aggregate expanded relative to the level at the end of the review quarter. Banks' deposit and lending rates generally declined at the end of the third quarter of 2010. The value of money market assets increased, following largely, the rise in the volume of FGN Bonds, Bankers' Acceptances (BAs) and Commercial Papers (CPs). Transactions on the Nigerian Stock Exchange (NSE) were bearish during the quarter under review.

The key monetary aggregate expanded during Q3 2010.

Provisional data indicated that the major monetary aggregate expanded at the end of the third quarter of 2010. On quarterly basis, broad money supply, (M_2), rose by 3.5 per cent above the level at the end of the second quarter of 2010 to ₦11,224.9 billion, in contrast to the decline of 1.5 per cent at the end of the preceding quarter. The development was accounted for, largely, by the increase in domestic credit (net) and other assets (net) of the banking system, which more than offset the effect of the decline in foreign assets (net) of the banking system. Narrow money supply (M_1), at ₦4,918.0 billion, also increased by 6.9 per cent, above the level at the end of the preceding quarter. Similarly, quasi money rose by 0.7 per cent over the level in the preceding quarter. Relative to the level at end-December 2009, M_2 rose by 4.3 per cent, reflecting the 17.9 and 5.7 per cent increase in net domestic credit and other assets (net) of the banking system, respectively. Also, M_1 grew by 5.0 per cent, owing to the increase in the demand deposit component (Fig. 1, Table 1).

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

At ₦9,317.7 billion, aggregate banking system credit (net) to the domestic economy at the end of the third quarter of 2010, rose by 8.2 per cent over the level at the end of the preceding quarter, compared with the increase of 2.7 per cent in the preceding quarter. The development reflected wholly the rise in net claims on the Federal Government. Over the level at end-December 2009, aggregate banking system credit (net) to the domestic economy rose by 17.9 per cent, due largely to the same reason above.

Banking system's credit (net) to the Federal Government, at end of the review quarter, increased by 31.7 per cent to negative ₦1,018.1 billion, compared with 9.7 per cent in the preceding quarter. The development was accounted for, largely, by the increase in DMBs's holding of Federal Government securities (40.7 per cent). Over the level at end-December 2009, banking system's claims (net) on the Federal Government rose significantly by 55.8 per cent.

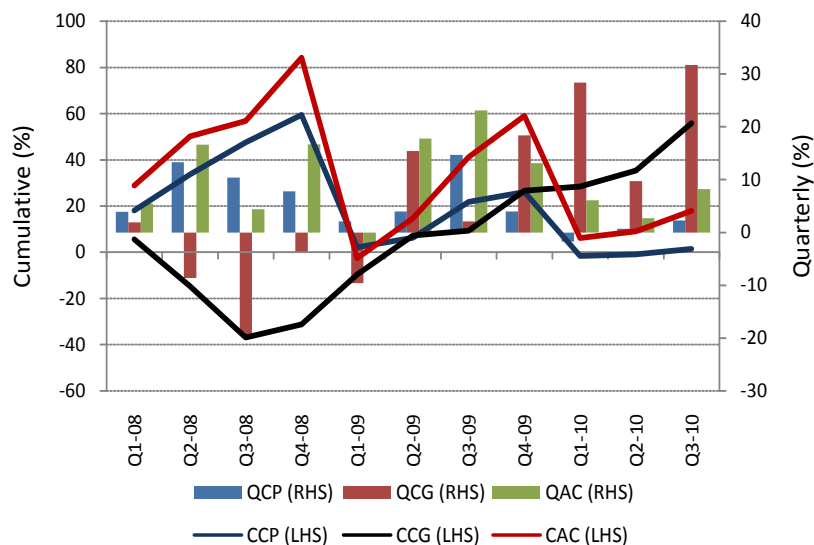
Relative to the level at the end of the preceding quarter, banking system's credit to the private sector increased by 2.3

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

Banking system credit to the private sector rose marginally during the third quarter of 2010.

per cent to ₦10,335.9 billion, compared with the 0.7 per cent rise at the end of the second quarter. The development reflected largely the increase in both CBN and DMBs' claims on the sector. Banking system's claims on the private sector rose by 1.3 per cent, over the level at end-December 2009, owing largely to the increase in CBN's claims on the sector (Fig. 2, Table 1).

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



At ₦6,368.3 billion, foreign assets (net) of the banking system declined, by 1.8 per cent in the third quarter of 2010, compared with the decline of 10.6 per cent in the preceding quarter. The development was attributed wholly to the fall in CBN's holding. Over the level at end-December 2009, foreign assets net of the banking system fell by 16.1 per cent.

Foreign assets (net) of the banking system maintained its steady decline during the quarter under review.

Quasi-money, however, rose by 0.7 per cent to ₦5,968.9 billion, in contrast to the decline of 2.1 per cent at the end of second quarter of 2010. The development mirrored the rise in all the components, namely; time, savings and foreign currency deposits of the DMBs. Over the level at end-

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).

December 2009, quasi-money rose by 3.6 per cent.

Other assets (net) of the banking system fell, by 4.9 per cent, to negative ₦4,461.1 billion, as against the increase of 8.1 per cent in the preceding quarter. The decline reflected largely the fall in unclassified assets of the CBN during the quarter. Over the level at end-December 2009, other asset (net) of the banking system rose by 5.7 per cent.

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

	Mar-09	Jun-09	Sep-09	Dec-09	Jun-10	Sep-10
Domestic Credit (Net)	17.8	23.1	13.1	6.1	2.7	8.2
<i>Claims on Federal Government (Net)</i>	-15.4	-2.1	-18.4	28.4	9.7	31.7
<i>Claims on Private Sector</i>	4.0	14.7	4.0	-1.7	0.7	2.3
<i>Claims on Other Private Sector</i>	3.6	14.6	4.0	-1.8	0.5	0.5
Foreign Assets (Net)	-5.7	-9.9	10.3	-4.5	-10.6	-1.8
Other Assets (Net)	8.0	4.1	7.0	-2.2	8.1	-4.9
Broad Money Supply (M2)	0.9	4.2	13.8	2.3	-1.5	3.5
Quasi-Money	6.0	11.6	12.5	5.1	-2.1	0.7
Narrow Money Supply (M1)	-3.9	-3.4	15.5	-1.0	-0.7	-0.7
<i>Memorandum Items:</i>						
Reserve Money (RM)	-10.7	-6.7	-2.3	31.1	9.5	-12.4

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

At ₦1,125.5 billion, currency in circulation rose by 5.8 per cent at the end of the third quarter of 2010 above the level at the end of the preceding quarter. The development was attributed largely to the 10.8 per cent increase in currency outside the banking system.

Total deposits at the CBN amounted to ₦4,309.7 billion, indicating a marginal increase of 0.1 per cent over the level at the end of the preceding quarter. The increase of 1.4 and 47.6 per cent in both Federal Government and private sector deposits, respectively, was responsible for the observed movement in total deposits. Of the total deposits, the shares of the Federal Government, banks and "others" were ₦3,436.2 billion (79.7 per cent), ₦654.6 billion (15.2 per cent) and ₦218.9 billion (5.1 per cent), respectively.

Consistent with the trends in CIC and DMBs' deposits with the CBN, the CBN operating target, the reserve money (RM), fell from ₦1,535.1 billion at the end of the preceding quarter to

Reserve money (RM) fell and was below the 2010 third quarter benchmark by 32.9 per cent.

N1,344.4 billion which was below the end of the third quarter 2010 benchmark of N2,006 billion.

2.3 Money Market Developments

Significant liquidity flows during the review period led to increased activities in the money market. The development was attributed largely to the release of ₦295.50 billion from the excess crude account and the ₦130.0 billion CBN interventions in manufacturing sector through the Small and Medium Enterprises Credit Guarantee Scheme into the system. Also, the repayment of matured NTBs, amounting to ₦405.37 billion, further buoyed liquidity. Consequently, interbank and other rates in the financial market fell. Request for the CBN Standing Deposit Facility (SDF) was therefore, significantly higher in the review period when compared with the preceding quarter, while request for the CBN Standing Lending Facility (SLF) was low. Open market interventions were sparse both at the auctions and the 2-way quote platforms. The major policy shift during the review period, was the upward review of the Monetary Policy Rate (MPR) from 6.00 per cent to 6.25 per cent, to forestall the build-up of inflationary pressure. Deposit Money Banks (DMBs) and Discount Houses (DHs) participated keenly at the primary auction of Nigerian Treasury Bills (NTBs) and Federal Government of Nigeria (FGN) Bonds, taking advantage of higher returns on investment. Public subscription exceeded the offered amount, and the issue rates were much higher than in the preceding quarter. There was no request for repurchase transactions during the review quarter.

Provisional data indicated that the value of money market assets outstanding at end of the third quarter of 2010 increased by 7.4 per cent over the level at the end of the preceding quarter to ₦3,801.9 billion, compared with the increase of 6.5 per cent at end-June 2010. The development was attributed to the increase in the volume of FGN Bonds, Bankers Acceptances and Commercial Papers, respectively.

2.3.1 Interest Rate Developments

Available data indicated a general decline in banks' deposit and lending rates in the third quarter of 2010. The average savings deposit rate fell by 1.02 percentage points to 1.58 per cent. With the exception of the six-month deposit rate which increased by 5.57 per cent to 5.66, all other rates on deposits

The resumption of direct auctions at the open market operations in July boosted activities at the money market during the third quarter of 2010.

Both deposit and lending rates generally trended downward in Q3 2010.

of various maturities fell from a range of 2.51 – 8.25 per cent in the second quarter to 1.44 – 6.69. Similarly, at 4.53 per cent, the average term deposit rate fell by 115 basis points from the level in the preceding quarter. The average prime and maximum lending rates also fell by 121 and 34 basis points to 17.28 and 22.35 per cent, respectively. Consequently, the spread between the weighted average term deposit and maximum lending rates widened from 17.01 percentage points in the preceding quarter to 17.82 percentage points. The margin between the average savings deposit and maximum lending rates also widened from 20.08 percentage points in the preceding quarter to 20.77 percentage points. With headline inflation rate at 13.6 per cent at end-September, all deposit rates, were negative in real terms.

The spread between deposit and maximum lending rates widened while in real terms all deposit rates turned significantly negative.

At the interbank call segment, the weighted average rate, which stood at 2.98 per cent in the preceding quarter, fell to 2.50 per cent, reflecting the liquidity condition in the interbank funds market. Similarly, the weighted average rate at the Open Buy Back (OBB) segment fell from 2.58 per cent in June 2010 to 1.94 per cent at the end of the third quarter of 2010. Also, the Nigeria Interbank Offered Rate (NIBOR) for the 7- and 30-day tenors declined to 3.17 and 5.27 per cent at the end of the third quarter from 4.08 and 6.37 per cent, respectively, in the second quarter of 2010 (Fig. 3, Table 2).

All interbank money market rates trended downwards in Q3 2010.

Figure 3: Selected DMBs Interest Rates (Average)

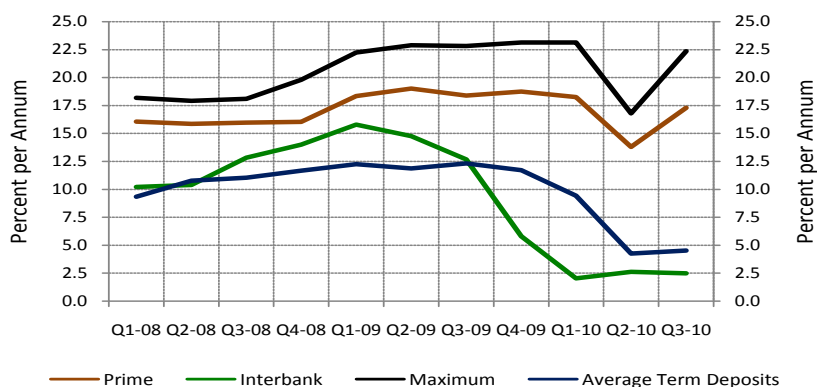


Table 2: Selected Interest Rates (Percent, Averages)

	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10	Q2-10	Q3-10
Average Term Deposits	12.3	11.9	12.3	11.7	8.7	4.3	4.5
Prime Lending	18.3	19.0	18.4	18.8	18.9	13.8	17.3
Interbank	15.8	14.8	12.7	5.8	2.6	2.6	2.5
Maximum Lending	22.2	22.9	22.8	23.1	23.2	16.8	22.4

2.3.2 Commercial Papers (CPs)

The value of Commercial Papers (CPs) held by DMBs as a supplement to bank credit to the private sector rose by 7.3 per cent to ₦202.0 billion at the end of the third quarter 2010, as against the decline of 63.1 per cent at the end of the second quarter. Thus, CPs constituted 5.3 per cent of the total value of money market assets outstanding at the end of third quarter, the same ratio as at the end of the preceding quarter.

Investment in CPs by DMBs rose in the third quarter of 2010.

2.3.3 Bankers' Acceptances (BAs)

The value of BAs held by DMBs increased by 5.6 per cent to ₦43.6 billion at the end of the review quarter, as against the decline of 33.7 per cent at the end of the preceding quarter. The development reflected the increase in investments by deposit money banks and discount houses. Consequently, BAs accounted for 1.2 per cent of the total value of money market assets outstanding at the end of the third quarter, same as at the end of the preceding quarter.

DMBs' holdings of BAs rose during Q3 of 2010.

2.3.4 Open Market Operations

Open market operations were conducted during the review quarter with a view to managing the money market liquidity effectively. Consequently, Nigerian Treasury Bills with tenors of 66- to 352 days were auctioned at the direct OMO auctions.

Total amount offered and subscribed to stood at ₦30.00 billion and ₦56.25 billion, respectively, while ₦10.00 billion was allotted. The bid rates ranged from 4.724 to 9.999 per cent, while the issue rates ranged from 4.724 to 5.023 per cent. In the preceding quarter, NTBs worth N160.0 billion of various maturities was sold at the direct OMO auction at issue rates which ranged from 1.799 – 3.042 per cent. Furthermore, in order to stimulate the economy, the two-way quote trading was conducted during the review quarter with the bid and offer rates ranging from 5.00 - 5.85 per cent and 4.20 - 5.60 per cent, respectively. Also, NTBs worth ₦14.00 billion were bought at rates ranging from 5.00 to 5.20 per cent. There was, however, no request for repurchase transactions. NTBs valued at ₦40.00 billion matured and were paid during the review quarter.

2.3.5 Primary Market

At the primary market segment, NTBs of 91-, 182- and 364-day tenors, amounting to ₦598.63 billion, were offered and allotted in the third quarter of 2010. Total public subscription, at ₦1,350.56 billion, exceeded the amount offered and allotted by 125.6 per cent. The bid rates ranged from 1.7500 – 8.9990 for the 91- 182- and 364-day tenors. The range of issue rates for the 91- 182- and 364-day NTBs were from 2.2350 – 7.5500 per cent, compared with the range of 1.2500 - 7.9990 per cent for the same tenors in the preceding quarter. Patronage at the primary market remained impressive and reflected market players' preference for risk-free government securities. Overall, the sum of ₦405.37 billion NTBs was repaid at maturity.

2.3.6 Bonds Market

FGN Bonds of 3-, 5- and 20-year tenors, amounting to N240.00 billion, were re-opened (in line with the debt management programme) during the period under review. Total public subscription and allotments stood at N431.12 billion and N351.46 billion, respectively. The bid rate ranged from 1.0000 - 13.4900 per cent, 1.0000 - 14.4800 per cent and 6.0000 - 19.9900 per cent for the 3-, 5- and 20-year tranches, respectively. The marginal rate for each of the tenors was significantly higher, compared with the previous quarter as market players demand increased. The development reflected expectation that rates would be much higher for the

Patronage at the primary market remained impressive as market players sought to shore up their holdings of tradable government securities.

Subscription for FGN Bonds of various maturities was impressive driven by market players' confidence in the economy and their perception about stable and attractive yields.

tenored bonds based on the prevailing inflation, increase in the MPR from 6.00 per cent to 6.25 per cent and the interbank rates at the time of the auction. In the preceding quarter, total public subscription was ₦431.12 billion, whereas a total of ₦240.00 billion were floated and allotted for the 3-year, 10-year and 20-year Bonds. FGN Bonds had consistently enjoyed market players' patronage due largely to the fact that FGN bonds often provide a hedge against interest rate fluctuations and are generally regarded as risk-free.

2.3.7 CBN Standing Facilities

The CBN Standing Deposit Facility (SDF) rate on overnight deposits by the DMBs remained significant during the quarter.

Following the excess liquidity condition in the money market, total deposit by the DMBs at the SDF window in the third quarter 2010 rose substantially from ₦12, 552.21 billion at the end of the preceding quarter to ₦40,679.99 billion. The development was traceable to the ₦295.50 billion excess crude proceeds shared among the three tiers of government, the N130.00 CBN intervention in the economy via Bank of Industry, and the huge repayment of matured NTBs, amounting to ₦405.37 billion, during the review quarter.

The MPR, SLF and SDF rates were 6.25, 8.0 and 1.0 per cent, respectively, in Q3 2010 interbank trading.

Total request for SLF granted from July to September 2010 amounted to ₦128.86 billion, following liquidity shortage in the banking system in July and the last week of September 2010, as a result of the closure of T-24 to allow for system upgrade in the CBN.

2.4 Deposit Money Banks' Activities

Available data indicated that at the end of third quarter of 2010, the total assets/liabilities of the DMBs stood at ₦18, 023.9 billion, representing a decline of 0.2 per cent from the level at the end of the preceding quarter. The development was attributed largely, to the 5.4 and 10.9 per cent decline in DMBs' reserves and unclassified assets of the banking system.

DMBs' credit to the private sector increased slightly in Q3 2010.

The funds, which were sourced largely from the increase in their unclassified liabilities, disposal of unclassified assets and drawn-down on reserves, were used mainly to increase foreign assets holdings, extension of credit to the private sector and increase in time, savings and foreign currency

Total liquid assets of the DMBs to total current liabilities ratio stood at 29.1 per cent and exceeded the stipulated minimum liquidity ratio by 4.1 percentage points. Loan-to-deposit ratio rose, but was below the prescribed minimum by 1.3 percentage points.

deposits.

At ₦9,317.7 billion, credit to the domestic economy increased by 8.2 per cent over the level in the preceding quarter. The development was attributed largely to the 12.8 per cent increase in claims on the Federal Government.

Central Bank's credit to the DMBs, largely loans and advances, rose by 4.2 per cent to ₦468.0 billion at the end of the review quarter.

Total specified liquid assets of the DMBs stood at ₦3,097.3 billion, representing 29.1 per cent of their total current liabilities. At that level, the liquidity ratio fell by 1.2 percentage point from the level at the end of the preceding quarter, but was 4.1 percentage points above the stipulated minimum ratio of 25.0 per cent. The loans-to-deposit ratio rose by 0.6 percentage point over the level at the end of the preceding quarter to 78.7 per cent, but was 1.3 percentage points below the prescribed minimum ratio of 80.0 per cent.

2.5 Discount Houses' Activities

Total assets/liabilities of the discount houses stood at ₦295.1 billion at the end of third quarter of 2010, indicating a decline of 19.9 and 10.4 per cent, from the levels at the end of the preceding quarter and the corresponding quarter of 2009, respectively. The decline in assets was accounted for largely by the 74.0 per cent fall in cash and balances, reinforced by the 20.0 per cent fall in claims on the Federal Government. Correspondingly, the decline in total liabilities was attributed largely to the decline of 31.0 and 21.7 per cent in the levels of capital and reserve and money-at-call respectively, during the period.

Discount houses' investment in Federal Government securities of less than 91-day maturity fell to ₦17.2 billion and represented 7.4 per cent of their total deposit liabilities. At this level, discount houses' investment contracted by 2.8 per cent from the level at the end of the preceding quarter. It was also 52.6 percentage points below the prescribed minimum level of 60.0 per cent for fiscal 2010. Total borrowing by the discount houses was ₦62.8 billion, while their capital and reserves stood at ₦30.1 billion. This resulted in a gearing ratio of 2.1:1,

compared with the stipulated maximum of 50:1 for fiscal 2010.

2.6 Capital Market Developments

2.6.1 Secondary Market

Available data indicated that activities on the Nigerian Stock Exchange (NSE) in the third quarter of 2010 were bearish. The volume and value of traded securities declined by 36.5 and 37.6 per cent to 17.74 billion shares and ₦153.0 billion, respectively, in 394,180 deals, compared with 27.95 billion shares, valued at ₦245.2 billion, in 559,532 deals, in the preceding quarter. The banking sub-sector remained the most active on the Exchange, with a traded volume of 9.8 billion shares, valued at ₦78.1 billion, in 210,134 deals. This was followed by the insurance sub-sector with a traded volume of 2.2 billion shares, valued at ₦2.2 billion, in 16,521 deals. The Conglomerates sub-sector was third with a traded volume of 984.3 million shares, valued, at ₦9.1 billion, traded in 14,953 deals. A total of 174 equities were traded, compared with 182 in the preceding quarter. Banking stocks accounted for the top seven (7) most active. Zenith Bank Plc topped the list with a transaction volume of 1.11 billion shares, followed by First Bank of Nigeria Plc with 1.06 billion shares and Guaranty Trust Bank Plc placed third with 1.04 billion shares.

Figure 4: Volume and Value of Traded securities

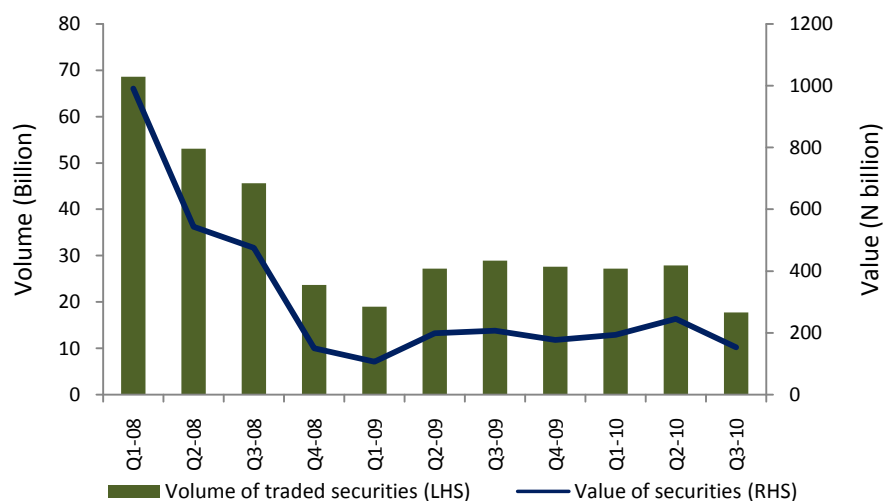


Table 3: Traded Securities on the Nigerian Stock Exchange (NSE)

	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10	Q2-10	Q3-10
Volume (Billion)	19.0	27.2	28.9	27.6	27.2	27.3	17.7
Value (₦ Billion)	106.9	199.4	207.1	177.0	193.8	245.2	153.0

2.6.2 Over-the-Counter (OTC) Bonds Market

Transactions on the Over-the-Counter (OTC) bond market, indicated a turnover of 3.31 billion units, worth ₦3.42 trillion, in 32,761 deals in the review quarter, compared with 3.4 billion units, valued at ₦3.22 trillion, in 28,276 deals recorded in the second quarter of 2010. The most active bond was the 10.00% FGN July 2030 Bond with a traded volume of 605.78 million units, valued at ₦545.45 billion, in 14,139 deals, followed by the 4.00% FGN April 2015 Bond with a traded volume of 273.3 million units, valued at ₦226.66 billion, in 2,139 deals. The value of the traded Federal Government Bonds and Preference Shares remained constant at ₦1.93 trillion and ₦4.6 billion, respectively. The value of corporate bonds rose by 67.6 per cent, following the listing of UACN Property Development Company Plc's ₦15.0 billion 10.00% Fixed Rate Unsecured Non-Convertible Bond 2010/2015 (Series 1). The value of sub-national bonds rose by 117.7 per cent, following the listings of ₦50.0 billion Bayelsa State Government Development Bond 2009/2016 and ₦57.7 billion Lagos State Government Fixed Rate Bond (Series 2) 2010/2017. The share of Federal Government, sub-national and corporate bonds in aggregate market capitalization increased by 0.5, 0.9 and 2.1 per cent, respectively, while the share of preference shares remained constant at 0.1 per cent. The combined share of FGN Bonds, sub-national bonds, preference shares and corporate bonds rose from ₦2.05 trillion to ₦2.17 trillion, while their share in the total market capitalization rose from 25.6 per cent to 27.7 per cent.

2.6.3 New Issues Market

In the new issues market, the Union Homes Real Estate Investment Trust Plc's Initial Public Offer of 250, 019,781 units of ₦50.00 was admitted on the daily official list at a price of ₦51.50 each. Also, the ₦35.0 billion 7th FGN Bond 2030 Series 3 was admitted on the daily official list. Other securities admitted on the daily official list included, the ₦50.0 billion Bayelsa State Government Development Bond 2009/2016, the ₦57.7 billion Lagos State Government Fixed Rate Bond (Series

The combined share of FGN Bonds, Sub-national Bonds, Preference shares and Corporate Bonds in total market capitalization rose.

2) 2010/2017 under the ₦275.0 billion debt insurance program and the UACN Property Development Company Plc's ₦15.0 billion 10.0% Fixed Rate Unsecured Non-Convertible Bond 2010/2015 (Series 1) under the ₦30.0 billion debt insurance program. There were eight (8) supplementary listings on the Nigeria Stock Exchange in the third quarter of 2010 (Table 4).

Table 4: Supplementary Listings on the Nigeria Stock Exchange (NSE)

S/N	Company	Additional Shares (billion)	Reasons
1	Ecobank Nigeria Plc	6.66	Special placing to ETI
2	Interlinked Technologies Plc	0.19	Conclusion of right issue
3	Ashaka Cement Plc	0.25	Bonus issue of one (1) for eight (8) shares
4	University Press Plc	0.75	Bonus issue of one (1) for five (5) shares
5	Flourmills of Nigeria Plc	0.17	Bonus issue of one (1) for ten (10) shares
6	Northern Nigeria Flour Mills Plc	0.3	Bonus issue of one (1) for five (5) shares
7	7-Up Bottling Company Plc	0.13	Bonus issue of one (1) for four (4) shares
8	Academy Press Plc	0.1	Bonus issue of one (1) for three (3) shares

The ₦36.0 billion 4th FGN Bond 2010 Series 7 was delisted from the daily official list, following its maturity and redemption.

2.6.4 Market Capitalization

The market capitalization of the 264 listed securities fell by 4.7 per cent to ₦7.8 trillion from the preceding quarter's level. This development was attributed to the decline in the prices of well capitalized equities. The 215 listed equities accounted for 72.3 per cent of the total market capitalization.

Market capitalization and All-Share Index, all trended downward during Q3 2010.

2.6.5 NSE All-Share Index

The All-Share Index which opened at 25,384.14 at the beginning of the quarter, closed at 24,268.24, representing a decline of 4.4 per cent from the level in the preceding quarter. Similarly, the NSE Food/Beverage, Banking, Insurance and Oil/Gas indices declined by 15.2, 14.7, 27 and 21.6 per cent, respectively. This development was attributed to price losses recorded by well capitalized equities.

Figure 5: Market Capitalization and All-Share Index

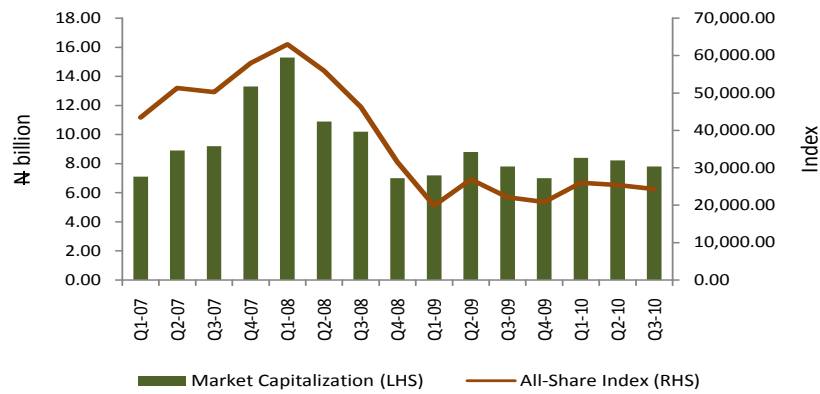


Table 5: Market Capitalization and All Share Index (NSE)

	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10	Q2-10	Q3-10
Market Capitalization (₦ trillion)	7.2	8.8	7.8	7.0	8.4	8.2	7.8
All-Share Index	19851.9	26861.6	22065.0	20827.2	25966.3	25384.1	24268.2

3.0 Fiscal Operations

3.1 Federation Account Operations

Available data showed that total federally-collected revenue during the third quarter of 2010 stood at ₦2,023.58 billion, representing an increase of 0.5, 17.5 and 62.3 per cent relative to the proportionate budget provisions, the receipts in the preceding quarter and the corresponding quarter of 2009, respectively (Fig. 6, Table 6)

Gross federally collected revenue rose by 0.5 percent over their 2010 proportionate budget provisions for Q3.

Figure 6: Components of Gross Federally Collected Revenue

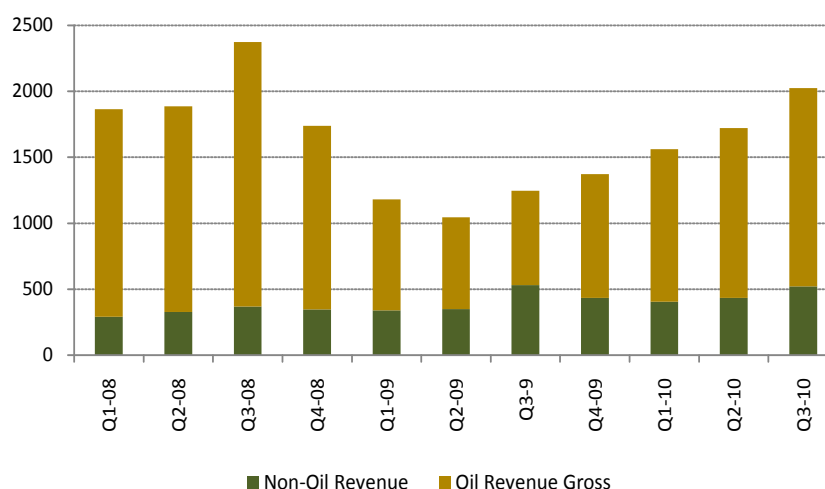


Table 6: Gross Federation Account Revenue (₦ billion)

	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10	Q2-10	Q3-10
Federally-collected revenue (Gross)	1181.3	1044.9	1246.9	1371.5	1561.6	1712.0	2023.6
Oil Revenue	842.3	696.6	716.8	936.3	1156.7	1288.7	1502.0
Non-Oil Revenue	339.1	348.3	530.1	435.2	404.9	423.3	521.5

At ₦1,502.04 billion, gross oil receipts, which constituted 74.2 per cent of the total, exceeded the proportionate budget estimate, the receipts in the preceding quarter and the corresponding quarter of 2009, by 2.7, 16.6 and 109.5 per cent, respectively. The increase in oil receipts relative to the proportionate budget estimate was largely attributed to the sharp increase in domestic crude oil and gas sales (Fig. 7, Table 7).

Figure 7: Gross Oil Revenue and Its Components

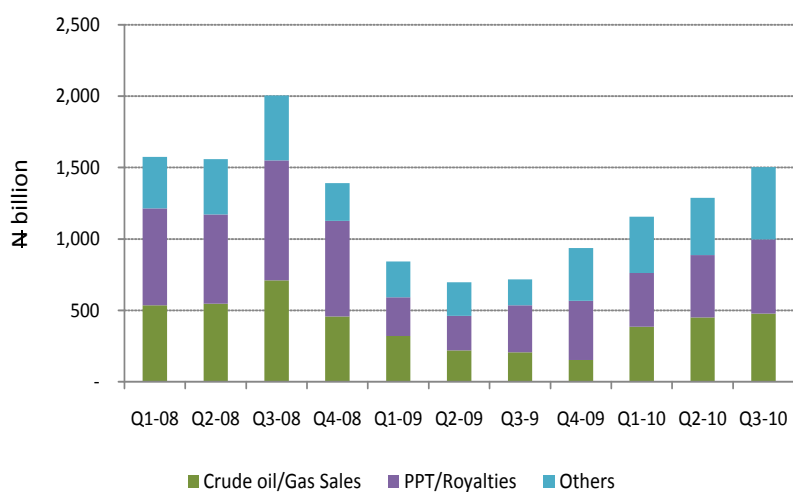


Table 7: Components of Gross Oil Revenue (₦ billion)

	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10	Q2-10	Q3-10
Oil Revenue	842.3	696.6	716.8	936.3	1156.7	1288.7	1502.0
Crude oil/Gas Sales	320.3	219.7	205.9	151.9	384.8	449.5	476.1
PPT/Royalties	271.4	240.8	329.4	414.9	376.5	436.7	520.1
Others	250.5	236.2	181.4	369.4	395.4	402.4	505.8

Non-oil receipts, at ₦521.54 billion (25.8 per cent of the total) was lower than the proportionate budget estimate by 5.2 per cent, but surpassed the levels in the preceding quarter and corresponding quarter of 2009 by 20.5 and 1.6 per cent, respectively. The shortfall relative to the proportionate budget estimate reflected largely the decline in customs and excise duties and the independent revenue of the Federal Government (Fig. 8, Table 8).

Figure 8: Gross Non-Oil Revenue and Its Components

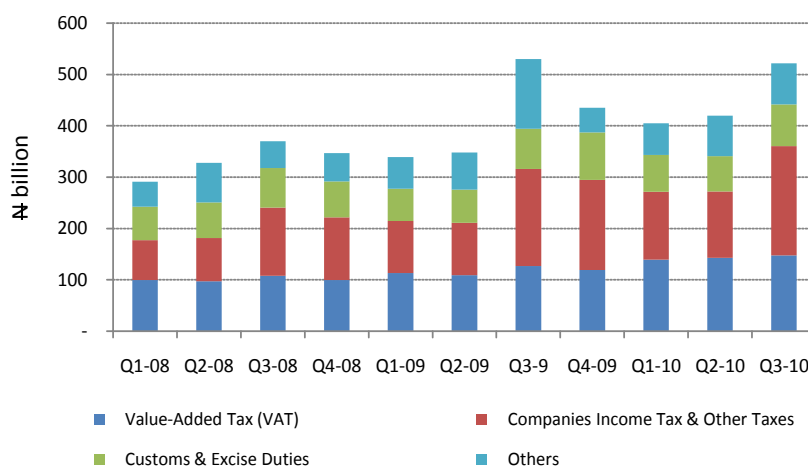


Table 8: Components of Gross Non-Oil Revenue (₦ billion)

	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10	Q2-10	Q3-10
Non-Oil Revenue	339.1	348.3	530.1	435.2	404.9	423.3	512.5
Value-Added Tax (VAT)	113.4	108.8	127.1	119.1	139.2	143.1	147.3
Companies Income Tax & Other Taxes	101.3	102.3	188.6	175.8	132.2	129.3	213.2
Customs & Excise Duties	62.5	64.4	78.6	92.0	72.0	68.7	81.0
Others	61.9	72.8	135.7	48.3	61.4	82.2	80.1

As a percentage of projected Q3 2010 nominal GDP, oil revenue was 19.6 per cent, while non-oil revenue stood at 6.8 per cent in the third quarter of 2010.

Of the gross federally-collected revenue during the review quarter, the sum of ₦1,085.06 billion (after accounting for all deductions and transfers) was transferred to the Federation Account for distribution among the three tiers of government and the 13.0 per cent derivation fund. The Federal Government received ₦516.2 billion, while the States and Local Governments received ₦261.83 billion and ₦201.86 billion, respectively. The balance of ₦105.16 billion went to the 13.0 per cent derivation fund for distribution by the oil-producing states. To bridge the shortfall in revenue for the period, the sum of ₦22.74 billion was drawn from the excess crude account as budget augmentation and shared as follows: Federal Government (₦10.42 billion), State Governments (₦5.29 billion), Local Governments (₦4.08 billion) and oil-producing states (₦2.96 billion). Also, the Federal Government received ₦21.22 billion, while the State and Local Governments received ₦70.72 billion and ₦49.51 billion,

The sum of ₦1,085.06 billion out of the federally collected revenue was set aside for distribution to the three tiers of government and the 13 per cent derivation fund for oil producing states; while ₦22.74 billion was drawn from the excess crude account to bridge revenue shortfall during the quarter.

respectively, from the VAT Pool Account. Thus, the total allocation to the three tiers of government in the third quarter amounted to ₦1,249.25 billion, representing, a shortfall of 20.1 per cent from the quarterly proportionate budget estimate.

3.2 The Fiscal Operations of the Three Tiers of Government

3.2.1 The Federal Government

At ₦728.87 billion, the Federal Government retained revenue for the third quarter of 2010, was lower than the proportionate budget estimate, and the receipts in the preceding quarter and the corresponding quarter of 2009 by 11.9, 11.9 and 3.9 per cent, respectively. Of this amount, the shares from the Federation Account and the Excess Crude Account were ₦516.21 and ₦113.22 billion, respectively, while the VAT Pool account and FGN Independent Revenue accounted for ₦21.22 and ₦27.57 billion, respectively. "Others" accounted for the balance (Fig. 9, Table 9).

Federal government provisional retained revenue was lower than the proportionate budget estimate, while total expenditure was lower than the proportionate 2010 budget provision for the quarter.

Figure 9: Federal Government Retained Revenue

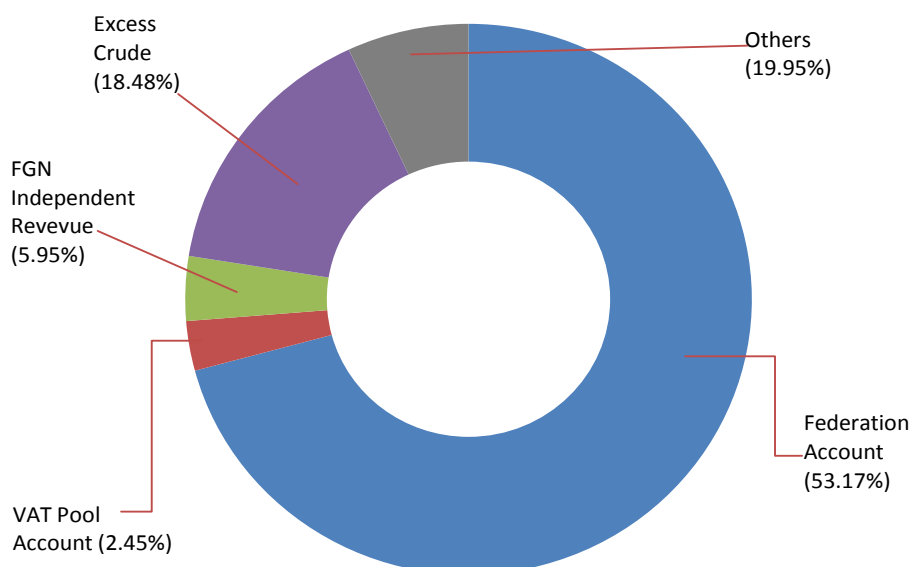
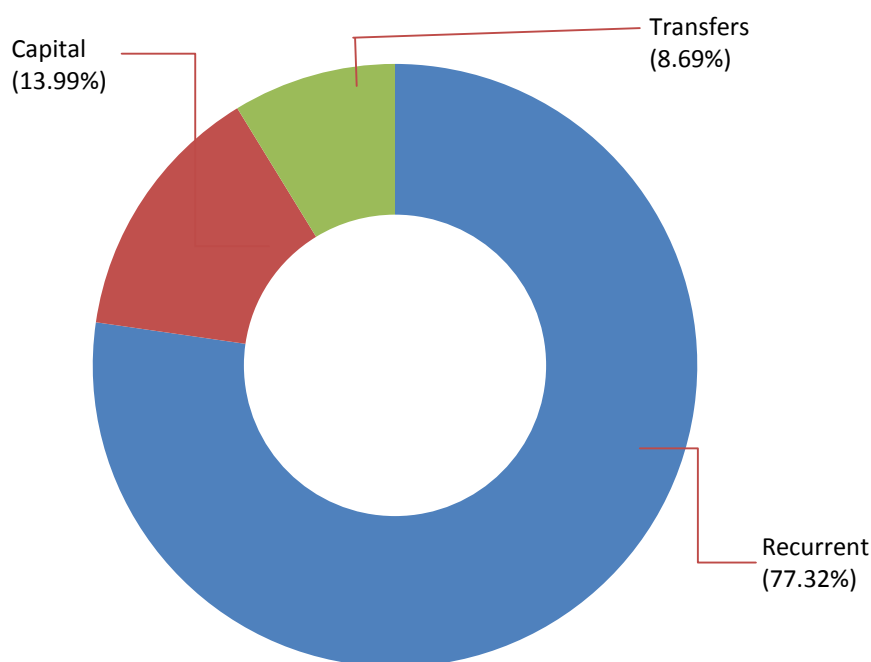


Table 9: Federal Government Fiscal Operations (₦ billion)

	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10	Q2-10	Q3-10
Retained Revenue	701.7	519.4	758.8	663.2	599.8	827.7	827.7
Expenditure	669.1	894.7	950.2	939.0	877.4	977.7	1028.2
Overall Balance: Surplus(+)/Deficit(-)	32.6	-375.3	-191.4	-275.8	-277.5	-150.0	-150.0

At ₦1,028.15 billion, total expenditure for Q3 2010 fell short of the proportionate budget estimate by 15.4 per cent, but exceeded the levels in the preceding quarter and the corresponding quarter of 2009, by 5.2 and 8.2 per cent, respectively. The lower total expenditure relative to the proportionate budget estimate was attributed largely to the decline in interest payment and very low release of capital votes. A breakdown of total expenditure showed that the recurrent component accounted for 77.3 per cent, capital component 14.0 per cent, while statutory transfers accounted for the balance of 8.7 per cent (Fig. 10). As a percentage of projected Q3 2010 nominal GDP, recurrent expenditure was 10.4 per cent, while capital expenditure and transfers stood at 1.9 and 1.2 per cent, respectively.

Figure 10: Federal Government Expenditure



The fiscal operations of the Federal Government in the third quarter of 2010, resulted in a total notional deficit of ₦299.28 billion, compared with the budgeted deficit of ₦387.70 billion and a deficit of ₦150.39 billion in the preceding quarter of 2010.

The fiscal operations of the FG resulted in an estimated deficit of 8.7 per cent of GDP in Q3 2010, financed through other funds.

The fiscal deficit was 3.9 per cent of the estimated nominal GDP in the review quarter, compared with 2.2 per cent in the preceding quarter. The fiscal deficit was largely financed from domestic sources (through Non-Bank Public).

3.2.2 *Statutory Allocations to State Governments*

Total receipts, including the 13.0 per cent Derivation Fund and share of VAT by the state governments from the Federation Account stood at ₦437.71 billion during the review quarter. This represented an increase of 5.7 and 25.5 per cent over the levels in the preceding quarter and the corresponding quarter of 2009, respectively.

Further breakdown showed that, at ₦70.72 billion, receipts from the VAT Pool Account increased by 2.9 per cent from the level in the preceding quarter, while receipts from the Federation Account stood at ₦367.0 billion. On a monthly basis, the sum of ₦148.45 billion, ₦144.18 billion and ₦145.08 billion was allocated to the 36 state governments in July, August and September 2010, respectively.

3.2.3 *Statutory Allocations to Local Government Councils*

Total receipts by the Local Governments from the Federation and VAT Pool Accounts during the third quarter of 2010, stood at ₦251.37 billion. This fell short of the level in the preceding quarter by 11.8 per cent and exceeded the level in the corresponding quarter of 2009 by 17.7 per cent. Of the total amount, allocation from the Federation Account was 80.3 per cent of the total, while VAT Pool Account accounted for the balance of 19.7 per cent. On a monthly basis, the sum of ₦85.34 billion, ₦82.09 billion and ₦83.94 billion was allocated to the 774 local governments in July, August and September 2010, respectively.

4.0 Domestic Economic Conditions

Aggregate output measured by the gross domestic product (GDP) grew by 7.7 per cent, same as in the preceding quarter. The growth was driven mainly by the non-oil sector, notably agriculture, wholesale and retail trade, and services. Crude oil production was estimated at 2.19 million barrels per day (mbd) or 201.48 million barrels for the quarter. The end-period inflation rate for the third quarter of 2010, on a year-on-year basis, was 13.6 per cent, compared with 14.1 and 10.4 per cent in the preceding quarter and the corresponding quarter of 2009, respectively. The inflation rate on a 12-month moving average basis was 13.8 per cent, compared with the 13.1 per cent a piece in the preceding quarter and corresponding period of 2009.

4.1 Aggregate Output

Aggregate output measured by gross domestic product (GDP) at 1990 basic prices, indicated a projected growth of 7.7 per cent, same as in the preceding quarter. The growth was driven mainly by the non-oil sector, notably agriculture, wholesale and retail trade, and services, reinforced by the modest improvement in crude petroleum and natural gas production.

Non-oil GDP remained at an estimated 8.4 per cent in the review quarter and accounted for 84.8 per cent of total GDP. Oil GDP, comprising crude petroleum and natural gas, grew by 3.9 per cent and accounted for 15.2 per cent of the total GDP, representing a 0.5 percentage point decrease from the preceding quarter's level (Fig. 11, Table 10).

Real output growth in Q3 2010 remained strong, driven largely by the non-oil sector.

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

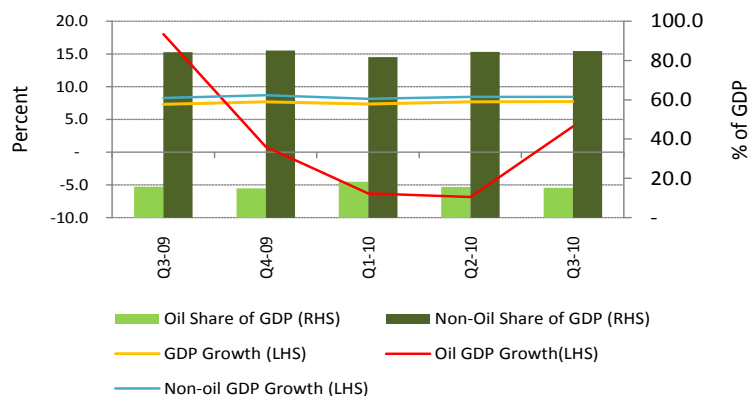


Table 10: Growth Rate of Real GDP and Sectoral Shares (Percent)

	Q2-09	Q3-09	Q4-09	Q1-10	Q2-10	Q3-10
Growth Rate (%)						
Real GDP	7.5	7.3	7.7	7.4	7.7	7.7
Oil (Crude Petroleum/Natural Gas)	-6.7	18.0	0.9	-6.3	-6.8	3.9
Non-oil	8.2	8.2	8.7	8.1	8.4	8.4
Share in Real GDP (%)						
Real GDP	99.7	100.0	100.0	100.0	100.0	100.0
Oil (Crude Petroleum/Natural Gas)	16.0	15.8	14.9	18.4	15.7	15.2
Non-Oil	83.7	84.2	85.1	81.6	84.3	84.8

4.2 Agricultural Sector

Agricultural activities during the review quarter were dominated by harvesting of various root crops, especially yams, Irish and sweet potatoes, maize and groundnuts. Planting of late crops also continued in some parts of the country, following the favourable rainfall experienced during the period under review. In addition, farmers commenced the preparation of lands and nurseries for tomatoes, pepper, carrot, cabbage and other vegetables. In the livestock sub-sector, farmers intensified production of poultry products by restocking broilers and layers in preparation for the end of year sales.

A total of ₦3.33 billion was guaranteed to 22,109 farmers under the Agricultural Credit Guarantee Scheme (ACGS) in the third quarter of 2010. This represented an increase of 469.6 per cent over the level in the preceding quarter, but a decline of 1.3 per cent from the level in the corresponding quarter of 2009, respectively.

A sub-sectoral analysis of the loans guaranteed indicated that the food crops sub-sector received the largest share of ₦2.58 billion (77.4 per cent) to 18,953 beneficiaries; the livestock sub-sector got ₦409.3 million (12.3 per cent) to 1,136 beneficiaries. Also, 410 beneficiaries in the fisheries sub-sector obtained ₦153.5 million (4.5 per cent), while ₦39.8 million (1.2 per cent) went to 112 beneficiaries in the cash crop sub-sector. 'Others' sub-sector obtained ₦125.6 million (3.8 per cent) guaranteed to 1,419 beneficiaries. Further analysis showed that 35 states benefited from the scheme during the quarter. The highest and lowest sums of ₦570.1 million (17.1 per cent) and ₦1.0 million (0.03 per cent) went to Katsina State and FCT, respectively.

At end-September 2010, the total amount released by the CBN under the Commercial Agriculture Credit Scheme (CACS) to the participating banks for disbursement stood at ₦88.53 billion (for ninety-one projects). The beneficiaries included twelve state governments. A breakdown of the amount showed that United Bank for Africa (UBA) Plc got ₦38.01 billion (for thirty-five projects), Zenith Bank Plc ₦12.84 billion (for nine projects), Skye Bank Plc ₦7.60 billion (for four projects), Union Bank of Nigeria Plc ₦7.28 billion (for seven projects), Unity Bank Plc ₦5.50 billion (for three projects), First Bank of Nigeria Plc ₦4.94 billion (for nineteen projects), GT Bank Plc ₦4.25 billion (for six projects), Access Bank Plc ₦4.12 billion (for four projects), Oceanic Bank Plc ₦2.00 billion (for one project), Fidelity Bank Plc ₦1.50 billion (for two projects) and Stanbic IBTC Bank got ₦0.45 billion (for one project).

The retail prices of most staples recorded increase in the third quarter of 2010. Ten of the fourteen commodities monitored recorded price rise over their levels in the preceding quarter. These ranged from 0.02 per cent for garri (white) to 15.9 per cent for palm oil. Eggs, millet, guinea corn and yam flour, however, recorded price decline of 0.9, 1.4, 1.7 and 7.1 per cent, respectively. The rise in the price of most commodities was attributed to seasonal factors.

The retail prices of most staples rose during Q3 2010.

4.3 Industrial Production

Industrial activities during the third quarter of 2010 indicated a slight improvement relative to the preceding quarter. At 121.4

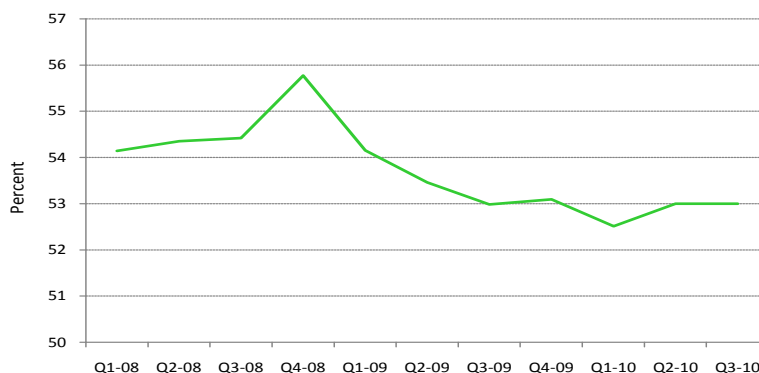
There was a slight improvement in industrial activities during Q3 2010 on account of increase in activities in the manufacturing and mining sub-sectors.

Industrial capacity utilization was estimated to have increased by 0.1 percentage point relative to Q2 2010.

(1990=100), the estimated index of industrial production rose by 1.0 and 2.1 per cent, over the levels attained in the preceding quarter and the corresponding quarter of 2009, respectively. The development reflected the increase in activities in the electricity, manufacturing and mining sub-sectors.

The estimated index of manufacturing production, at 93.2 (1990=100), increased by 0.3 and 0.4 per cent, over the levels in the preceding quarter and the corresponding period of 2009, respectively. The estimated capacity utilization also increased by 0.1 percentage point to 53.2 per cent during the review quarter (Fig. 12, Table 10). The development was attributed to the increase in business confidence as a result of positive policy measures taken by the government to revive the sector and the improvement in electricity supply.

Figure 12: Capacity Utilization Rate



At 131.2 (1990=100), the index of mining production increased marginally by 0.4 and 0.5 per cent above the levels attained in the preceding quarter and the corresponding quarter of 2009, respectively. The development was attributed to the improvement in crude oil and gas production as a result of the sustained peace in the Niger Delta region.

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

At 2,995.8 MW/h, estimated average electricity generation increased by 7.4 per cent, over the level attained in the preceding quarter. The development resulted from the increase in gas supply to the thermal stations.

At 2,768.9 MW/h, estimated average electricity consumption, rose by 9.6 per cent over the level in the preceding quarter. The development was attributed to the increase in power supply, occasioned by improvements in electricity generation and transmission network (Fig. 13, Table 11).

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

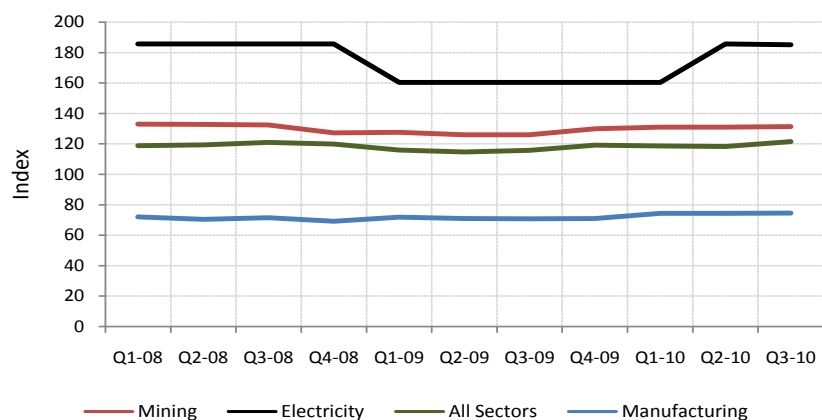


Table 11: Index of Industrial Production and Manufacturing Capacity Utilization Rate

	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10	Q2-10	Q3-10
All Sectors (1990=100)	115.9	114.6	115.6	119.0	117.5	118.1	121.4
Manufacturing	89.9	88.6	88.4	88.6	92.9	92.9	93.2
Mining	127.6	125.9	125.9	129.9	130.9	130.9	131.2
Electricity	160.4	160.4	160.4	160.4	160.4	185.6	185.0
Capacity Utilization (%)	54.2	53.5	53.0	53.1	52.5	53.1	53.2

4.4 Petroleum Sector

Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at 2.19 million barrels per day (mbd) (201.48 million barrels) during the third quarter of 2010, compared with 2.13 mbd (193.83 million barrels) in the preceding quarter. This represented an increase of 2.82 per cent. The increase in production was due to the relative peace experienced in the Niger Delta region.

Crude oil export was estimated at 1.74 mbd (160.08 million barrels) in the review period, compared with 1.68 mbd (152.88 million barrels) in the preceding quarter. Deliveries to the refineries for domestic consumption remained at 0.45 mbd (41.4 million barrels).

Crude oil and natural gas production increased, by 2.8 per cent, to 2.19 mbd during Q3 2010.

Crude oil export also recorded a marginal increase.

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

At an estimated average of US\$77.81 per barrel, the price of Nigeria's reference crude, the Bonny Light (37° API) fell, by 2.37 per cent, below the level in the preceding quarter. The average prices of other competing crudes namely; the West Texas Intermediate, the U.K Brent and the Forcados also fell, by 1.52, 1.69 and 1.69 per cent to US\$76.45, US\$77.21 and US\$78.35 per barrel, respectively. The average price of OPEC's basket of eleven crude streams also fell, by 3.62 per cent, to US\$73.76 below the level in the preceding quarter (Fig. 14, Table 12).

Figure 14: Trends in Crude Oil Prices

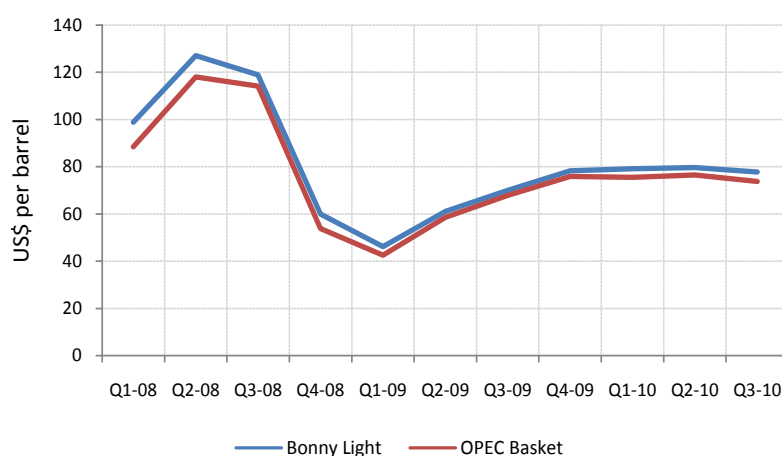


Table 12: Average Crude Oil Prices in the International Oil Market

	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10	Q2-10	Q3-10
Bonny Light	46.15	61.14	70.05	78.25	78.74	79.70	77.81
OPEC Basket	42.50	58.51	67.78	75.89	75.45	76.53	73.76

4.5 Consumer Prices³

Available data showed that the all-items composite Consumer Price Index (CPI) at the end of the third quarter of 2010, was 112.4 (November 2009=100), representing an increase of 3.3 and 13.6 per cent over the levels in the preceding quarter and the corresponding quarter of 2009, respectively. The development was attributed, largely to the

The general price level rose in Q3 relative to Q2 2010, on account of the increase in the price of staple food.

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.

increase in the prices of staple food and non-alcoholic beverages.

The urban all-items CPI at the end of the third quarter of 2010, was 110.6 (November 2009=100), indicating an increase of 2.7 and 10.8 per cent over the levels in the preceding quarter and the corresponding quarter of 2009, respectively. Similarly, the rural all-items CPI at the end of the quarter, at 113.8 (November 2009=100), represented an increase of 3.8 and 15.5 per cent over the levels in the preceding quarter and the corresponding quarter of 2009, respectively (Fig. 15, Table 13).

Figure 15: Consumer Price Index

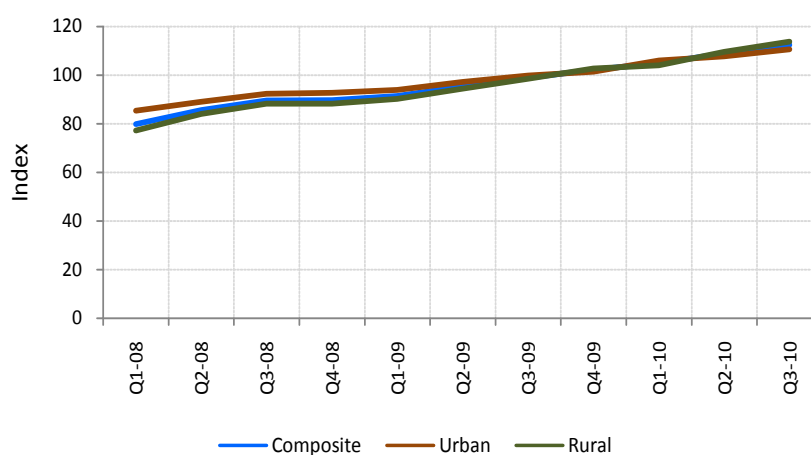


Table 13: Consumer Price Index (November 2009=100)

	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10	Q2-10	Q3-10
Composite	91.4	95.3	98.9	102.2	104.9	108.8	112.4
Urban	93.9	97.2	99.8	101.4	106.0	107.7	110.6
Rural	90.2	94.4	98.5	102.8	104.0	109.6	113.8

The end-period inflation rate for the third quarter of 2010, on a year-on-year basis, was 13.6 per cent, compared with 14.1 and 10.4 per cent in the preceding quarter and the corresponding quarter of 2009, respectively. The inflation rate on a twelve-month moving average basis for the third quarter, was 13.8 per cent, compared with 13.1 and 13.1 per cent in the preceding quarter and the corresponding quarter of 2009, respectively (Fig. 16, Table 14).

The headline inflation (y-o-y) declined by 0.5 percentage point, in Q3 2010.

Figure 16: Inflation Rate

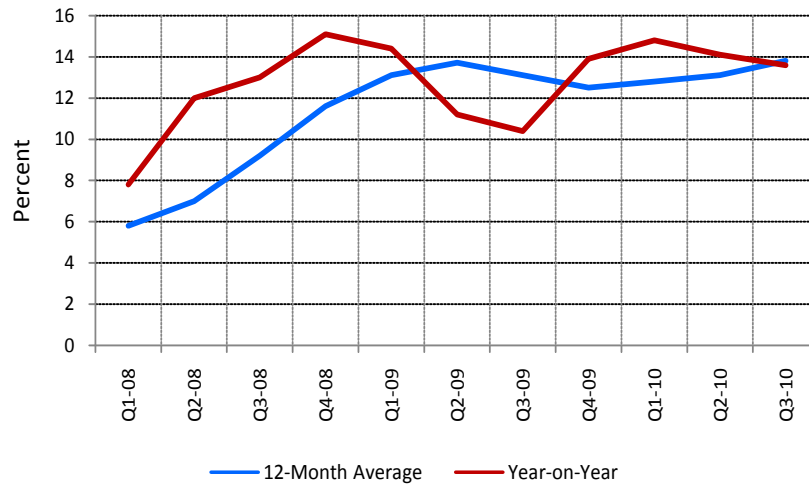


Table 14: Headline Inflation Rate (%)

	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10	Q2-10	Q3-10
12-Month Moving Average	13.1	13.7	13.1	12.5	12.8	13.1	13.8
Year-on-Year	14.4	11.2	10.4	13.9	14.8	14.1	13.6

5.0 External Sector Developments

Provisional data indicated that foreign exchange inflow through the CBN in the third quarter of 2010 rose by 17.0 per cent above the level in the preceding quarter, but declined by 6.5 per cent when compared with the level in the corresponding quarter of 2009. Outflow rose by 6.7 and 26.7 per cent over the levels in the preceding quarter and corresponding quarter of 2009, respectively. Total non-oil export receipts by banks declined by 57.5 per cent, from the level in the preceding quarter. The average Naira exchange rate vis-à-vis the US dollar, appreciated by 0.17, 0.43 and 0.3 per cent to ₦150.09, ₦152.41 and ₦150.41 per dollar at the Wholesale Dutch Auction System (WDAS), Bureau De Change (BDC) and Interbank segments of the market, respectively. The gross external reserves declined by 7.7 per cent from the preceding quarter's level.

5.1 Foreign Exchange Flows

Foreign exchange inflow and outflow through the CBN in the third quarter of 2010 amounted to US\$7.6 billion and US\$11.4 billion, respectively, resulting in a net outflow of US\$3.9 billion. Relative to the levels of US\$6.5 billion and US\$10.7 billion in the preceding quarter, inflow and outflow increased by 16.9 and 6.5 per, respectively. The development was attributed to the increase in both crude oil and non-oil receipts. The increase in outflow was due, largely, to the 13.7 per cent increase in WDAS/RDAS utilization (Fig. 17, Table 15).

Foreign exchange inflow and outflow through the CBN increased by 16.9 and 6.7 per cent, over the preceding quarter's levels, respectively, to post a net outflow of US\$3.8 billion.

Figure 17: Foreign Exchange Flows Through the CBN

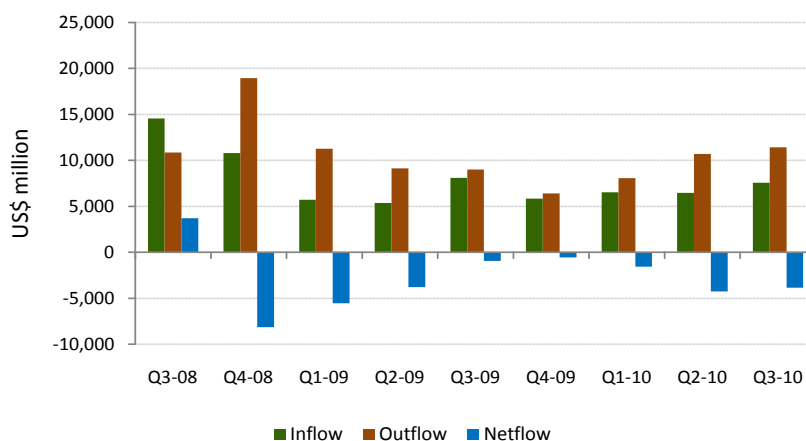


Table 15: Foreign Exchange Flows Through the CBN (US\$ million)

	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10	Q2-10	Q3-10
Inflow	5724.6	5359.6	8083.0	5840.7	6521.1	6461.0	7557.0
Outflow	11255.7	9135.1	9014.9	6396.3	8070.2	10707.7	11424.1
Netflow	-5531.1	-3775.5	-931.9	-555.6	-1549.1	-4246.8	-3867.1

Autonomous inflows into the economy increased significantly, by 33.9 per cent, in Q3 2010 relative to the preceding quarter.

Available data on aggregate foreign exchange flows through the economy indicated that total inflow amounted to US\$22.1 billion, representing an increase of 27.0 and 31.0 per cent, respectively, over the levels in the preceding quarter and corresponding quarter of 2009. Oil sector receipts, which accounted for 31.2 per cent of the total, stood at US\$6.9 billion, compared with the respective levels of US\$6.2 billion and US\$4.6 billion in the preceding quarter and corresponding quarter of 2009.

Non-oil public sector inflows, which accounted for 2.8 per cent of the total, surpassed the preceding quarter's level by 100.3 per cent, while autonomous inflow, which accounted for 66.1 per cent, increased by 33.9 per cent.

At US\$11.8 billion, aggregate foreign exchange outflow from the economy increased by 9.3 and 28.3 per cent over the levels in the preceding quarter and the corresponding quarter of 2009, respectively. The outcome, relative to the preceding quarter, was accounted for, largely, by the increase in WDAS/RDAS Utilisation.

5.2 Non-Oil Export Earnings by Exporters

Total non-oil export earnings by Nigerian exporters fell by 57.5 per cent to US\$595.6 million from the level in the preceding quarter. The development was attributed largely to the decline in the prices of the commodities traded at the international market. A breakdown of the proceeds in the review quarter showed that the proceeds of agricultural, industrial, manufactured products, transport, minerals, and food products stood at US\$225.51 million, US\$127.66 million, US\$113.99 million, US\$73.38 million, US\$41.28 million and US\$13.78 million, respectively.

The shares of agricultural, industrial, manufactured products, transport, minerals, and food products in non-oil export proceeds were 37.9, 21.4, 19.2, 12.3, 6.9 and 2.3 per cent, respectively, in the review quarter.

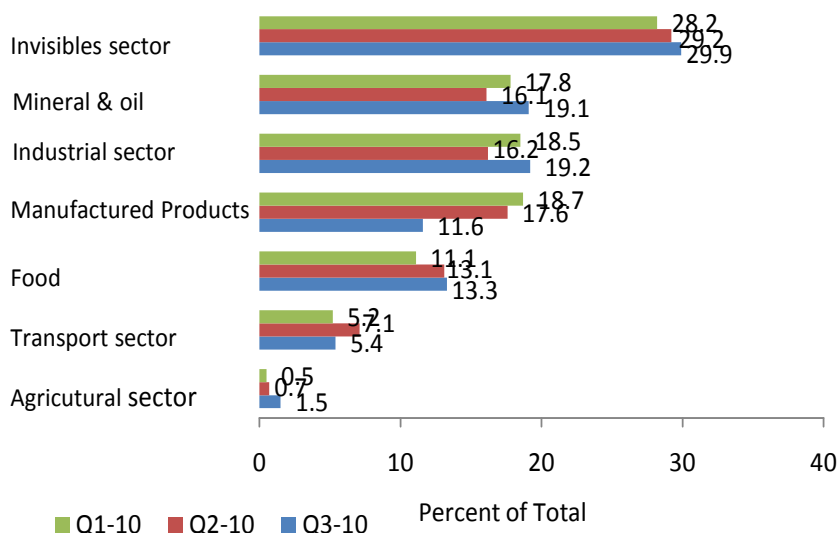
Total non-oil export earnings by exporters fell sharply during the third quarter of 2010 on account of decline in the prices of most traded commodities.

5.3 Sectoral Utilisation of Foreign Exchange

The invisibles sector accounted for the bulk (29.9 per cent) of total foreign exchange disbursed in the third quarter of 2010, followed by mineral & oil (19.2 per cent). Other beneficiary sectors, in a descending order included: industrial sector (19.1 per cent), food (13.3 per cent), manufactured products (11.6 per cent); transport sector (5.4 per cent) and agricultural products (1.5 per cent) (Fig.18).

As in the preceding quarter, the invisibles sector accounted for the bulk of the total foreign exchange disbursed during Q3 2010.

Figure18: Sectoral Utilisation of Foreign Exchange



5.4 Foreign Exchange Market Developments

Foreign exchange demand by the authorized dealers stood at US\$10.8 billion, indicating an increase of 16.1 per cent over the level in the preceding quarter. Relative to the level in the corresponding period of 2009, demand also rose, by 4.9 per cent. A total amount of US\$9.2 billion was sold by the CBN during the review period, indicating an increase of 13.6 per cent over the level in the preceding quarter (Fig. 19, Table 16).

Demand for foreign exchange by authorized dealers increased significantly during Q3 2010 relative to the levels in Q2 2010 and Q3 2009.

Figure 19: Demand for and Supply of Foreign Exchange

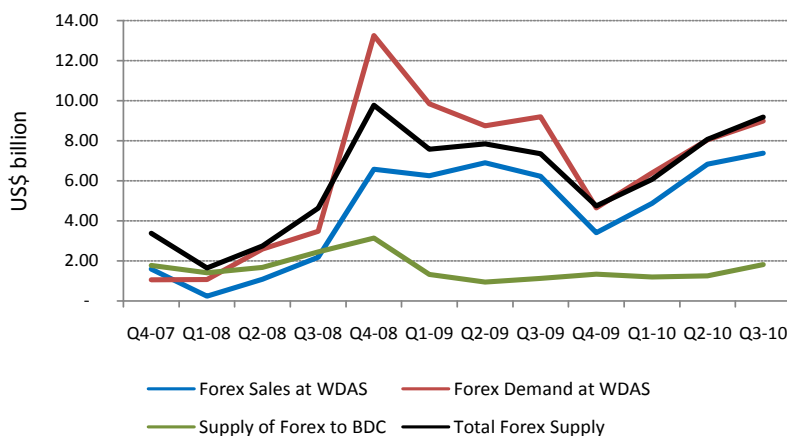


Table 16: Demand for and Supply of Foreign Exchange (US\$ billion)

	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10	Q2-10	Q3-10
Forex Sales at WDAS	6.3	6.9	6.2	3.4	4.9	6.8	7.4
Forex Demand at WDAS	9.8	8.7	9.2	4.6	6.4	8.0	9.0
Supply of Forex to BDC	1.3	0.9	1.1	1.3	1.2	1.2	1.8
Total Forex Supply	7.6	7.8	7.3	4.7	6.1	8.1	9.2

The Naira exchange rate vis-à-vis the US dollar depreciated mildly at the WDAS and BDC segments of the foreign exchange market over Q3 2010. It also depreciated marginally in the interbank segment

The premium between the WDAS rate and the rates in the other two segments were 0.4 per cent for the interbank and 1.6 per cent for the BDC segment.

Under the WDAS, the average exchange rate of the Naira vis-à-vis the US dollar depreciated by 0.2 per cent to ₦150.46 per dollar from ₦150.13 in the preceding quarter. It also depreciated by 0.3 per cent relative to the level in the corresponding quarter of 2009. In the bureaux-de-change segment of the market, the naira traded at an average of ₦152.84 per dollar, compared with ₦153.04 and ₦157.36 per dollar in the preceding quarter and the corresponding quarter of 2009, respectively. In the interbank segment, the Naira exchanged for an average of ₦151.19 to the US dollar in Q3 2010, compared with ₦151.05 and ₦150.35 per dollar in Q2 2010 and Q4 2009, respectively (Fig. 20, Table 17).

The premium between the WDAS and the bureaux-de-change rates narrowed from 1.9 per cent in the preceding quarter to 1.6 per cent, and that between the WDAS and interbank also narrowed from 0.6 per cent in the preceding quarter to 0.4 per cent (Fig. 21, Table 17).

Figure 20: Average Exchange Rate Movements

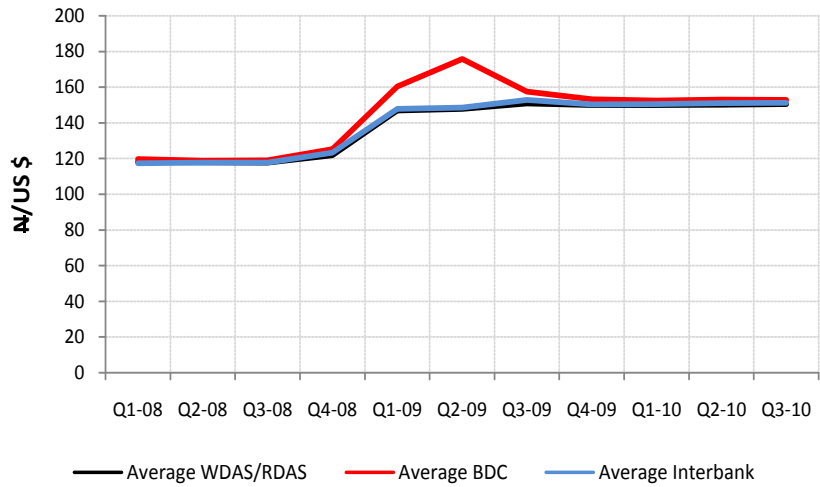
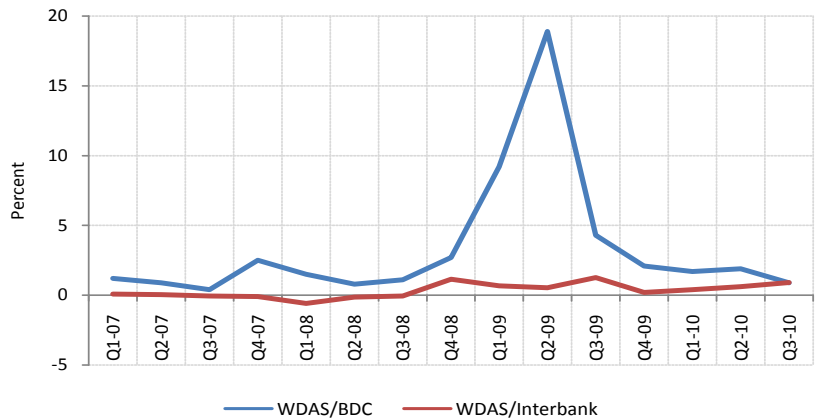


Table 17: Exchange Rate Movements and Exchange Rate Premium

	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10	Q2-10	Q3-10
Average Exchange Rate (N/\$)							
WDAS/RDAS	146.9	147.8	150.9	150.1	149.9	150.1	150.5
BDC	160.4	175.7	157.4	153.2	152.5	153.0	152.8
Interbank	147.9	148.5	152.8	150.4	150.5	151.1	151.2
Premium (%)							
WDAS/BDC	9.2	18.9	4.3	2.1	1.7	1.9	0.9
WDAS/Interbank	0.7	0.5	1.3	0.2	0.4	0.6	0.9

Figure 21: Exchange Rate Premium



5.5 Balance of Payments

The external account was under pressure in the third quarter of 2010, relative to the first and second quarters of the year. This was reflected in lower current account surplus which represented 2.6 per cent of gross domestic product (GDP), as against 5.0 and 7.9 per cent in the first quarter and second quarter, respectively. The low performance of the current account was largely due to the huge imports bills and increased deficit in the services account which overwhelmed the modest increase in current transfers. The capital and financial account also declined from 8.5 per cent of GDP in the preceding quarter to 7.1 per cent of GDP.

During the quarter under review, trade balance declined relative to the level in the second quarter, due to lower export earnings and increased importation, while imports bills increased from US\$11.4 billion in the second quarter to US\$12.5 billion. Aggregate exports fell by 1.5 per cent, as against an increase of 1.2 per cent in the second quarter, reflecting the decline in receipts from both the oil and non-oil components. The oil sector inflows continued to dominate Nigeria's export proceeds, accounting for 97.2 per cent of total.

5.6 Gross External Reserves

The gross external reserves at the end of the third quarter of 2010 stood at US\$34.59 billion, indicating a decline of 7.7 per cent from the level of US\$37.47 billion at the end of the preceding quarter. A breakdown of the reserves showed that CBN holding stood at US\$29.35 billion (85.0 per cent), Federal Government holding was US\$3.26 billion (9.0 per cent) and the Federation Account portion (Excess Crude) was US\$1.98 billion (6.0 per cent) (Fig. 22, Table 18).

Gross external reserves continued its decline during the third quarter of 2010, as accretion to reserves remained minimal.

Figure 22: Gross External Reserves

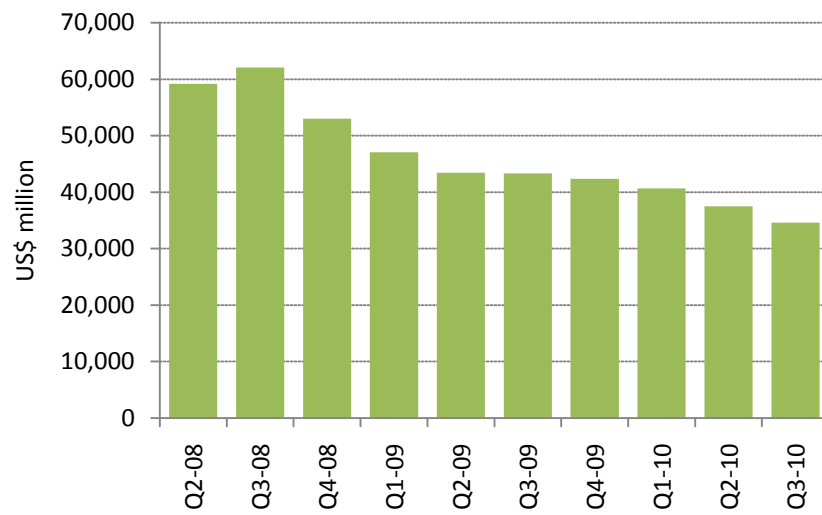


Table 18: Gross External Reserves (US\$ million)

	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10	Q2-10	Q3-10
External Reserves	47081.9	43462.74	43343.33	42382.49	40667.03	37468.44	34589

6.0 Other International Economic Developments and Meetings

World crude oil output in the third quarter of 2010 was estimated at 85.75 million barrels per day (mbd), while demand was estimated at 85.74 mbd, representing an excess supply of 0.01mbd, compared with 85.73 and 83.29 mbd supplied and demanded, respectively, in the preceding quarter.

Other major international economic developments of relevance to the domestic economy during the review quarter included: the 2010 third quarter Global Economic Outlook published by Deloitte Research in United States which showed that the global economy continued to grow but with uncertainty about the sustainability of growth in the world's three biggest economies namely; the United States, Europe and China. In the United States, first quarter GDP growth was revised downward twice and stood at an annualized rate of 2.7 per cent. The job market was weak, employment grew slowly and the labour force shrank. The housing market, after stabilizing during the past year, worsened, following the end of government subsidies. Credit market conditions, however, improved as evidenced by low risk spreads, but demand for credit continued to contract. In addition, consumer price inflation eased.

In Europe, the sovereign debt crisis and the policy response alarmed the markets. Economic recovery, however, rebounded faster than expected, spurred by a weaker currency and fast-growing external demand. The debt crisis continued to hang over the continent. Banks were heavily exposed to sovereign debt with worrying fundamentals, and risk remains that another financial upset might grip the real recovery at its bud. Against international pressure to continue stimulating domestic demand, politicians in Europe were on a mission to bring spending under control.

In China, the tightening of monetary policy and efforts to cool an overheated property market raised fears that growth would slow. Two major issues that faced the economy involved prices. Specifically, there was concern about

consumer prices and home prices. The first was in danger of accelerating and the second was in danger of collapsing. First, inflation remained modest in China, with consumer prices up by 3.1 per cent in May over previous year.

In another development, the 15th African Union (AU) Summit of Heads of State and Government was held in Kampala, Uganda from July 25-27, 2010. The Session was held on the theme, "Maternal, Infant and Child Health and Development in Africa." Other sideline events at the Summit were the 13th Summit of Heads of State and Government of the African Peer Review Mechanism; the 23rd Summit of the NEPAD Implementation Committee and the Joint Heads of State and Government meeting on climate change (See July 2010 Report).

Also, the 2nd meeting of the Technical Sub-Committee on the Economic Community of West African States (ECOWAS) Single Currency Programme was held in Accra, Ghana from July 21-22, 2010. The meeting was convened by the ECOWAS Commission to assess progress on the implementation of the Abuja 2020 Roadmap activities on the ECOWAS Single Currency Programme. The meeting was attended by representatives from the ECOWAS Commission, UEMOA Commission, West African Monetary Institute (WAMI), West African Monetary Agency (WAMA), West African Bankers Association (WABA), Central Bank of West African States (BCEAO), Bank of Ghana, and Central Banks of the Gambia, Guinea, Liberia, Sierra Leone and Nigeria.

Progress reports were presented by the four monitoring institutions namely, the ECOWAS Commission, WAMA, WAMI and WABA. Each institution's report focused on the level of progress achieved under each of the areas it is monitoring, in terms of what has been achieved and the outstanding challenges that needed to be addressed, in order to attain a Single Currency in the ECOWAS Region. After extensive discussions on each report, the Committee made recommendations to the Technical Committee and the Committee of Governors (See July 2010 Report).

Furthermore, the Board of Directors of the African Development Bank (AfDB) Group approved a USD 150 million line of credit to Afreximbank in Tunis, on July 19, 2010. The facility would be used to finance trade and trade-related projects across the participating states of Afreximbank in Africa, support the private sector, and enhance productive capacity, as well as the continent's economic growth. It is anticipated that 26.0 per cent of the sub-projects would be in the telecommunication sector, while 8.0 and 7.0 per cent would be earmarked for energy and transportation, respectively (See July 2010 Report).

Also, the 7th Summit of Heads of State and Government of the Group of Eight Developing Nations (D-8) was held in Abuja, Nigeria from July 4–10, 2010. The Central Bank of Nigeria (CBN) hosted the D-8 Central Bank Governors' Meeting as part of the 7th D-8 Summit (See July 2010 Report).

Furthermore, the inaugural meeting of the College of Supervisors of the West African Monetary Zone (CSWAMZ) was held at the Central Bank of Nigeria, Abuja from August 16 – 17, 2010. The two-day meeting of the CSWAMZ was convened to fine-tune strategies for cross-border supervision in the sub-region. The meeting discussed and shared experiences on financial stability, cross-border supervision and other regulatory issues. The meeting also noted that CSWAMZ was not a substitute for national supervision of banks, but a forum to foster cross-border supervision so as to promote the safety, soundness and resilience of individual member countries' financial system (See August 2010 Report).

In another development, a meeting of the African Caucus of the International Monetary Fund (IMF) and the World Bank was held in Freetown, Sierra Leone from August 16 – 17, 2010. The meeting, which attracted participants from 53 African countries, the World Bank, IMF, ADB and other multilateral institutions, considered the draft Memorandum to be submitted to the heads of the BWIs at the IMF/World Bank Annual Meetings in October, 2010 (See August 2010 Report).

The Association of African Central Banks (AACB) held its 34th Annual Meetings in Dakar, Senegal from 16 - 20 August 2010.

The meetings were attended by 39 member countries, with Nigeria's delegation headed by the Central Bank of Nigeria's Governor. The meeting called on central banks in Africa to fully assume their role of financial regulators to prevent possible crises in the future (See August 2010 Report).

Also, the First Conference of Africa Ministers Responsible for Civil Registration was held in Addis Ababa, Ethiopia from August 13 – 14, 2010. Over forty (40) Ministers were in attendance and the theme of the Conference was "Improved Civil Status Information for Efficient Public Administration and Generation of Vital Statistics for National Development and Millennium Development Goals (MDGs) Monitoring in Africa". The Conference was preceded by a 2-day meeting of technical experts with recommendations focusing on: adopting policy measures; intensifying awareness, raising and revising laws and legislation in line with international and regional guidelines (See August 2010 Report).

The International Labour Organisation (ILO) released its report on Global Employment Trend for Youth 2010 which coincided with the launch of the UN International Youth Year on August 12, 2010. The report is the fourth in the series, and the latest global and regional labour market trends report for youth. It specifically explored how the global economic crisis has exposed the vulnerabilities of young people around the world. According to the ILO projections, the global youth unemployment rate is expected to continue its increase through 2010, to 13.1 per cent, followed by a moderate decline to 12.7 per cent in 2011 (See August 2010 Report).

The 2010 Global Economic Symposium was held in Istanbul, Turkey from September 28 - 29, 2010 and was jointly organized by the Central Bank of the Republic of Turkey and the Kiel Institute for the World Economy. In attendance were over 500 high level officials of central banks, governments, private sector, academics and professionals especially in the fields of economic management and administration. The symposium was the third in the series and the first to be organized outside Germany. The main theme of the symposium was "Achieving sustainability in the face of Systemic Risks". The main objective

was to give a new impetus to global problem solving. The symposium was therefore, to focus on solutions to challenges rather than mere discussion of issues. Major solutions proposed by the GES 2010 include; building thriving companies in low income countries, reassessing central banking, monetary policy after the global financial crisis (GFC), rebalancing trade and capital flows sustainability and global governance.

Finally, the 4th session of the Nigeria – Namibia Joint Commission was held in Abuja from September 22 – 23, 2010. The Session was preceded by a meeting of experts and senior officials from the countries. At the end of the session, a Memorandum of Understanding (MOU) on the Holding of Political and diplomatic consultations was signed by the two nations. The MOU committed them to allow regular diplomatic consultations in order to exchange views on bilateral, regional and international issues of mutual interest.

The Joint Commission also considered key issues clustered on the following areas:

- Economic and Infrastructure Matters
- Socio-Cultural Matters; and
- Diplomatic, Defence and Legal Matters

The agreements/discussions in these areas would be concluded in the near future.

APPENDIX TABLES

Table A1: Money and Credit Aggregates

	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10
	<i>₦ billion</i>					
Domestic Credit (Net)	4820.8	5677.2	6991.2	7903.8	8612.9	9317.7
<i>Claims on Federal Government (Net)</i>	-3405.6	-2879.8	-2820.2	-2302.3	-1489.9	-1018.1
Central Bank (Net)	-4658.2	-4348.8	-3970.8	-3731.6	-3272.8	-3029.2
Banks	1252.6	1469.0	1150.6	1429.3	1782.9	2011.1
<i>Claims on Private Sector</i>	8226.4	8556.9	9811.4	10206.1	10102.8	10335.9
Central Bank	313.6	336.1	445.7	538.2	396.5	564.5
Banks	7912.8	8220.8	9365.7	9667.9	9706.3	9771.3
<i>Claims on Other Private Sector</i>	8015.6	8305.3	9516.4	9895.8	9763.7	9994.6
Central Bank	313.6	336.1	445.7	538.2	396.5	564.5
Banks	7702.0	7969.2	9070.7	9357.6	9367.1	9430.1
<i>Claims on State and Local Government</i>	210.9	251.7	295.0	310.3	319.2	341.3
Central Bank	--	--	--	--	--	--
Banks	210.9	251.7	295.0	310.3	319.2	341.2
<i>Claims on Non-financial Public Enterprises</i>	--	--	--	--	--	--
Central Bank	--	--	--	--	--	--
Banks	--	--	--	--	--	--
Foreign Assets (Net)	8105.3	7643.6	6886.9	7593.3	6484.8	6368.3
Central Bank	6961.2	6642.6	5858.9	6522.2	5401.0	5140.8
Banks	1144.2	1001.0	1027.9	1071.1	1083.7	1227.5
Other Assets (Net)	-3928.4	-4243.7	-4419.6	-4729.7	-4252.2	-4461.1
Total Monetary Assets (M2)	8997.8	9077.0	9458.5	10767.4	10845.5	11224.9
Quasi-Money 1/	4331.1	4592.4	5125.0	5763.5	5927.5	5968.9
Money Supply (M1)	4666.7	4484.6	4333.5	5003.9	4918.0	5256.0
<i>Currency Outside Banks</i>	804.1	746.5	778.7	927.2	795.4	881.0
<i>Demand Deposits 2/</i>	3862.6	3738.2	3554.8	4076.6	4122.6	4375.0
Total Monetary Liabilities (M2)	8997.8	9077.0	9458.5	10767.4	10845.5	11224.9
<i>Memorandum Items:</i>						
Reserve Money (RM)	1384.0	1291.5	1262.0	1653.9	1535.1	1344.4
<i>Currency in Circulation (CIC)</i>	1037.8	1006.6	1031.9	1181.5	1063.6	1125.5
DMBs Demand Deposit with CBN	346.2742443	284.8943461	230.1215833	472.318051	471.4793	218.92969

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

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

Table A2: Money and Credit Aggregates (Growth Rates)

	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10
	<i>Percentage Change Over Preceding Quarter</i>					
Domestic Credit (Net)	-2.6	17.8	23.1	13.1	2.7	8.2
<i>Claims on Federal Government (Net)</i>	9.6	-15.4	-2.1	-18.4	9.7	31.7
<i>Claims on Private Sector</i>	2.1	4.0	14.7	4.0	0.7	2.3
<i>Claims on Other Private Sector</i>	1.3	3.6	14.6	4.0	0.5	2.2
<i>Claims on State and Local Government</i>	40.8	19.3	17.2	5.2	0.8	6.9
<i>Claims on Non-financial Public Enterprises</i>	--	--	--	--		
Foreign Assets (Net)	-5.2	-5.7	-9.9	10.3	-10.6	-1.8
Other Assets (Net)	-9.4	8.0	4.1	7.0	8.1	4.9
Total Monetary Assets (M2)	-1.8	0.9	4.2	13.8	-1.5	3.5
Quasi-Money 1/	0.5	6.0	11.6	12.5	-2.1	0.7
Money Supply (M1)	-3.9	-3.9	-3.4	15.5	-0.7	6.9
<i>Currency Outside Banks</i>	-9.9	-7.2	4.3	19.1	-4.6	10.8
<i>Demand Deposits 2/</i>	-2.6	-3.2	-4.9	14.7	0.1	6.1
Total Monetary Liabilities (M2)	-1.8	0.9	4.2	13.8	-1.5	3.5
<i>Memorandum Items:</i>						
Reserve Money (RM)	-10.7	-6.7	-2.3	31.1	9.5	-12.4
<i>Currency in Circulation (CIC)</i>	-10.2	-3.0	2.5	14.5	-8.0	5.8
<i>DMBs Demand Deposit with CBN</i>	-12.1	-17.7	-19.2	105.2	53.4	-53.6
	<i>Percentage Change Over Preceding December</i>					
Domestic Credit (Net)	-2.6	14.6	41.2	0.0	9	17.9
<i>Claims on Federal Government (Net)</i>	9.6	-7.3	-9.3	0.0	35.3	55.8
<i>Claims on Private Sector</i>	6.2	21.7	26.6	-1.7	-1	1.3
<i>Claims on Other Private Sector</i>	5.0	20.3	25.1	-1.8	-1.13	1
<i>Claims on State and Local Governments</i>	68.0	96.9	107.2	3.7	2.85	10
<i>Claims on Non-financial Public Enterprises</i>	--	--	--	--		
Foreign Asset (Net)	-10.6	-19.5	-11.2	-4.5	-14.6	-16.1
Other Asset (Net)	-2.1	1.9	9.1	-2.2	10.1	5.7
Total Monetary Assets (M2)	-1.8	-1.0	3.2	0.0	0.7	4.2
Quasi-Money 1/	0.5	6.6	18.9	0.0	2.8	3.6
Money Supply (M1)	-3.9	-7.7	-10.8	0.0	-1.7	5
<i>Currency Outside Banks</i>	-9.9	-16.4	-12.8	0.0	-14.2	-5
<i>Demand Deposits 2/</i>	-2.6	-5.7	-10.3	0.0	1.1	7.3
Total Monetary Liabilities (M2)	-1.8	-1.0	3.2	0.0	0.73	4.2
<i>Memorandum Items:</i>						
Reserve Money (RM)	-10.7	-16.6	-18.5	0.0	-7.2	-18.7
<i>Currency in Circulation (CIC)</i>	-10.2	-12.9	-10.7	0.0	-10	-4.7
<i>DMBs Demand Deposit with CBN</i>	-12.1	-27.6	-41.6	0.0	35	-53.6

Table A3: Federal Government Fiscal Operations (₦ billion)

	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10	Q2-10	Q3-10
Retained Revenue	701.7	519.4	758.8	663.2	599.8	827.7	728.9
<i>Federation Account</i>	363.8	311.5	346.3	332.1	356.0	440.0	516.2
<i>VAT Pool Account</i>	16.3	15.7	18.3	17.1	20.1	20.6	21.2
<i>FGN Independent Revenue</i>	29.2	25.1	9.8	9.0	5.6	36.9	27.6
<i>Excess Crude</i>	100.7	150.4	201.0	363.4	176.2	152.9	113.2
<i>Others</i>	191.8	16.7	183.3	-58.5	42.0	177.4	50.7
Expenditure	669.1	894.7	950.2	939.0	877.4	977.7	1028.2
<i>Recurrent</i>	428.5	568.5	559.9	571.0	605.8	750.6	795.0
<i>Capital</i>	192.7	282.0	354.3	323.7	241.0	204.1	143.8
<i>Transfers</i>	47.9	44.1	36.0	44.3	30.6	23.0	89.4
Overall Balance: Surplus(+)/Deficit(-)	32.6	-375.3	-191.4	-275.8	-277.5	150.0	-299.3

Table A4: Gross Domestic Product at 1990 Basic Prices

	Q2-2009	Q3-2009	Q4-2009	Q1-2010	Q2-2010	Q3-2010 ¹
	N billion					
Real GDP	162.10	197.08	210.60	160.18	174.56	212.30
<i>Oil GDP</i>	<i>26.36</i>	<i>31.12</i>	<i>31.38</i>	<i>29.41</i>	<i>27.41</i>	<i>32.34</i>
Crude Petroleum & Natural Gas	26.36	31.12	31.38	29.41	27.41	32.34
<i>Non-oil GDP</i>	<i>138.57</i>	<i>158.08</i>	<i>179.22</i>	<i>130.60</i>	<i>147.52</i>	<i>179.96</i>
Agriculture	69.80	89.11	86.71	57.16	73.88	94.24
Industry (excluding crude petroleum/natural Gas)	2.13	7.59	15.72	2.29	7.46	8.24
Building & Construction	3.78	3.13	3.90	4.01	3.51	3.33
Wholesale & Retail Trade	32.34	25.37	39.10	35.17	28.26	37.30
Services	30.51	32.88	33.79	31.35	34.05	36.82
	Relative Share (%)					
Real GDP	100	100	100	100	100	100
<i>Oil GDP</i>	<i>16.3</i>	<i>15.8</i>	<i>14.9</i>	<i>18.4</i>	<i>15.7</i>	<i>15.2</i>
Crude Petroleum & Natural Gas	16.3	15.8	14.9	18.4	15.70	15.23
<i>Non-oil GDP</i>	<i>85.5</i>	<i>80.2</i>	<i>85.1</i>	<i>81.6</i>	<i>84.3</i>	<i>84.8</i>
Agriculture	43.1	45.2	41.2	35.9	42.60	44.39
Industry (excluding crude petroleum/natural Gas)	1.3	3.9	7.5	1.4	4.30	3.88
Building & Construction	2.3	1.6	1.9	2.7	2.00	1.56
Wholesale & Retail Trade	20.0	12.9	18.6	22.0	16.20	17.56
Services	18.8	16.7	16.0	19.7	19.60	17.34
	Growth Rate (%)					
Real GDP	7.45	7.3	7.67	7.36	7.69	7.72
<i>Oil GDP</i>	<i>6.72</i>	<i>5.34</i>	<i>5.33</i>	<i>4.08</i>	<i>3.96</i>	<i>3.93</i>
Crude Petroleum & Natural Gas	4.24	4.11	4.18	4.08	3.96	3.93
<i>Non-oil GDP</i>	<i>8.18</i>	<i>8.24</i>	<i>8.67</i>	<i>8.13</i>	<i>8.41</i>	<i>8.43</i>
Agriculture	5.35	5.30	5.32	5.43	5.84	5.76
Industry (excluding crude petroleum/natural Gas)	7.45	9.52	8.32	7.44	7.67	8.55
Building & Construction	12.45	11.76	12.87	13.15	12.00	10.72
Wholesale & Retail Trade	10.67	9.54	10.87	9.54	11.40	11.82
Services	8.11	7.77	7.98	11.07	11.60	11.99

Source: National Bureau of Statistics.

