



**CENTRAL BANK OF NIGERIA**

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THE THIRD QUARTER OF  
2007***

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***RESEARCH AND STATISTICS DEPARTMENT***

# CENTRAL BANK OF NIGERIA

## QUARTERLY ECONOMIC REPORT

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## *1.0 Summary*

Aggregate output growth measured by the gross domestic product (GDP) was estimated at 6.05 per cent during the third quarter of 2007, compared with 5.73 per cent in the preceding quarter. The growth was driven by the non-oil sector which was estimated at 9.47 per cent. Available data indicated growth in monetary aggregate during the review quarter. Broad money supply ( $M_2$ ) and narrow money supply ( $M_1$ ) increased by 9.3 and 17.5 per cent relative to the preceding quarter. The increase in  $M_2$  was attributable to the rise in aggregate domestic credit to the economy and other assets (net) of the banking system.

Available data indicated mixed developments in banks' deposit rates in the third quarter of 2007. The spread between the weighted average deposit and maximum lending rates widened from 10.42 percentage points in the preceding quarter to 10.63 percentage points. Similarly, the margin between the average savings deposit and maximum lending rates, widened from 14.35 to 14.79 percentage points during the quarter. The weighted average inter-bank call rate, rose from 8.00 per cent in the preceding quarter to 8.13 per cent at end-September 2007, reflecting the liquidity squeeze in the inter-bank funds market.

The value of money market assets outstanding increased by 2.8 per cent to ₦2,127.3 billion over the level in the preceding quarter. The rise was attributable wholly to the 14.9 per cent increases in outstanding FGN Bonds. Activities on the Nigerian Stock Exchange indicated mixed developments. Total federally-collected revenue during the third quarter of 2007 stood at ₦1,479.40 billion, representing an increase of 20.0 per cent over the proportionate budget estimate. It however, fell by 0.6 per cent when compared with the level in the corresponding period of 2006. At ₦1,165.62 billion, oil receipts constituted 78.8 per cent of the total, representing an increase of 22.5 and 25.8 per cent over the budget estimate and the level in the preceding quarter, respectively. The rise in oil receipts relative to the budget estimate was attributable to the consistent increase in oil prices at the international oil market. Similarly, non-oil receipts, at ₦313.78 billion or 21.2 per cent of the total, was higher than the receipts in the preceding quarter and the budget estimates by 62.2 and 11.7 per cent, respectively. The rise in non-oil receipts relative to the preceding quarter was attributable to the increase in Companies Income Tax (CIT) and Independent Revenue of the Federal Government. Federal Government retained revenue for the third quarter of 2007 was ₦566.62 billion, while total expenditure was ₦515.7 billion.

Thus, the fiscal operations of the Federal Government was estimated to have resulted in a surplus of ₦50.98 billion, in contrast to the proportionate budgeted deficit of ₦107.37 billion.

The major agricultural activities in the review quarter included: harvesting of various root crops such as yam, Irish and sweet potatoes, groundnuts and maize. The prices of most Nigerian major agricultural commodities at the London Commodities Market were favourable during the review quarter. Activities in the industrial sector improved during the third quarter of 2007 as the estimated index of industrial production rose by 0.7 and 4.6 per cent from its level in the preceding quarter and the corresponding period of 2006.

Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at 2.18 million barrels per day (mbd) or 200.56 million barrels for the quarter under review, compared with 2.15 mbd in the preceding quarter. Crude oil export was estimated at 1.73 mbd or 159.16 million barrels for the quarter, while deliveries to the refineries for domestic consumption remained at 0.45 mbd or 41.40 million barrels for the quarter. The average price of Nigeria's reference crude, the Bonny Light (37<sup>0</sup> API), estimated at US\$79.64 per barrel, rose by 11.9 per cent over the level in the preceding quarter. The end-period inflation rate for the third quarter of 2007, on a year-on-year basis, was 4.1 per cent, compared with 6.4 and 6.3 per cent recorded at the end of the preceding quarter and the corresponding period of 2006, respectively. Inflation rate on a twelve-month moving average basis remained unchanged at the preceding quarter's level of 5.9 per cent, compared with 10.0 percent recorded in the corresponding period of 2006, reflecting largely the stability in the supply of petroleum products and the harvest of agricultural products such as maize, yam, vegetable and fruits.

The balance of payments account remained favourable in the third quarter of 2007 with an estimated overall surplus of ₦670.9 billion, compared with the surplus of ₦6.5 billion and ₦478.5 billion recorded in the preceding quarter and corresponding period of 2006, respectively. The development was attributable to the improved position of the current account, occasioned by the sustained increase in the international price of crude oil. The gross external reserves rose by 12.5 per cent to US\$47.97 billion in the third quarter of 2007, compared with US\$42.63 and US\$40.46 billion in the preceding quarter and corresponding period of 2006, respectively. This level of reserves could finance 22.3 months of current import commitments, compared with 18.8 and 22.1 months in the preceding quarter and corresponding period of 2006, respectively.

Foreign exchange inflow and outflow through the Central Bank of Nigeria (CBN) amounted to US\$10.05 billion and US\$5.44 billion, respectively, resulting in a net inflow of US\$4.61 billion during the quarter. Foreign exchange sales by the CBN to the authorized dealers fell to US\$4.04 billion from US\$4.68 billion in the preceding quarter. The weighted average exchange rate of the Naira vis-à-vis the US dollar, appreciated by 0.7 per cent to =N=126.63 per dollar at the WDAS. In the bureaux de change segment of the market, the rate also appreciated by 1.3 per cent to =N=127.15 per dollar from =N=128.83 per dollar. Non-oil export earnings by Nigeria's top 100 exporters amounted to US\$266.48 million, indicating a decline of 16.5 per cent from the level in the preceding quarter. The development was attributable largely to the rise in the prices of the commodities traded at the international commodities market during the period.

Other major international economic developments of relevance to the domestic economy during the quarter included: a two-day meeting of the African Caucus of the African Governors of the Bretton Woods Institutions held in Maputo, Mozambique from July 30–31, 2007; the World Bank Institute and the World Bank Development Economics Vice-Presidency launched its Governance Matters 2007: Worldwide Governance Indicators (WGI) 1996–2006 Report on July 10, 2007; the International Monetary Fund released Nigeria's Third Review under the Policy Support Instrument (PSI) on July 31, 2007; an inter-ministerial Preparatory Committee meeting to the 62nd Session of the United Nations Assembly (UNGA) was held at the Ministry of Foreign Affairs on August 1, 2007; the 31st Ordinary Meeting of Governors of the Association of African Central Banks (AACB) was held in Tripoli, Libya on August 15, 2007; the African Consultative Group of the International Monetary Fund (IMF) met on August 20, 2007 in Maputo, Mozambique to exchange views on the progress to date on IMF reforms, in particular on the consensus and support needed for reforms aimed at improving voice and governance at the Fund; Nigeria completed the fourth and final

review of the IMF Policy Support Instrument (PSI) programme which was approved by the Executive Board of the IMF on October 17, 2005;

Also, the Economic Community of West African States (ECOWAS) on August 8, 2007 signed a \$1.5 million grant agreement with the African Capacity Building Foundation (ACBF) to enable it strengthen its capacity for data collection in Member States and promote data-based planning in the region; the European Commission also approved €44.8 million to support regional integration in West Africa. The United State Agency for International Development (USAID) would be providing an additional \$24.65 million to the Economic Community for West African States (ECOWAS) under three expanded agreements signed in Abuja on September 13, 2007 between the President of the Commission and the Mission Director of USAID for West Africa. Also, the World Bank joined the United Nations in a broad new effort to help developing nations recover billions of dollars of looted funds. Besides, on September 27, 2007, the World Bank Group pledged to contribute the sum of US\$3.5 billion from its income to provide grants and credits for the world's poorest countries through the 15<sup>th</sup> replenishment of the International Development Association (IDA). In another development, the Executive Board of the International Monetary Fund (IMF) on September 28, 2007, selected Dominique Strauss-Kahn to serve as IMF Managing Director and Chairman of the Executive Board for a five-year term starting on November 1, 2007. Mr. Strauss-Kahn will succeed Mr. Rodrigo de Rato.

Finally, the West African Monetary Institute (WAMI) embarked on its 2007 half year mission to Nigeria from September 10 – 17, 2007 in accordance with Article XV on Multilateral Surveillance Mission to WAMZ member countries. During the mission, WAMI staff assessed Nigeria's performance under the quantitative and qualitative criteria as outlined in the Banjul Declaration of 2005. The Mission held discussions with public officers, the organized private sector, as well as international development partners.

## 2.0 FINANCIAL SECTOR DEVELOPMENTS

### 2.1 Monetary and Credit Developments

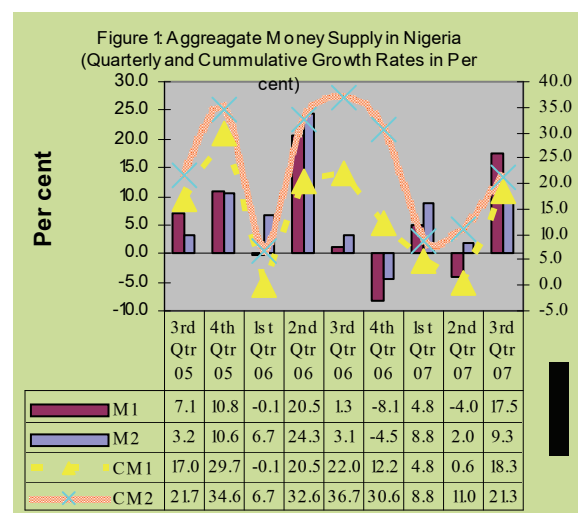
**M**onetary aggregate grew in the third quarter of 2007, while banks' deposit rates indicated mixed developments. The value of money market assets increased following largely the rise in outstanding FGN Bonds. Transactions on the Nigerian Stock Exchange (NSE) were mixed as some of the major market indicators trended upward, while others declined.

Available data indicated growth in monetary aggregate in the third quarter of 2007. Broad money supply (M<sub>2</sub>) rose by 9.3 per cent to ₦4,458.5 billion, compared with the increase of 2.0 per cent in the preceding quarter. The rise in M<sub>2</sub> was attributable to the increase in domestic credit and other assets (net) of the banking system. Similarly, narrow money supply (M<sub>1</sub>) rose by 17.5 per cent to ₦2,288.7 billion, in contrast to the decline of 4.0 per cent in the preceding quarter. Over the level at end-December 2006, M<sub>2</sub> grew by 21.3 per cent, compared with the target of 19.0 per cent for fiscal 2007 (fig.1 and table 1).

At ₦1,404.8 billion, aggregate banking system credit (net) to the domestic economy rose by 324.6 per cent in the third quarter of 2007, compared with the increase of 20.9 per cent in the preceding quarter. The development reflected the increase in claims on both the Federal Government (net) and private sector during the period.

Banking system's credit (net) to the Federal Government (CG) rose by 11.7 per cent to ₦2,752.6 billion, compared with a decline of 14.2 per cent in the preceding quarter. The rise in the review quarter was attributable to the significant increase in DMBs' claims on the Federal Government during the period.

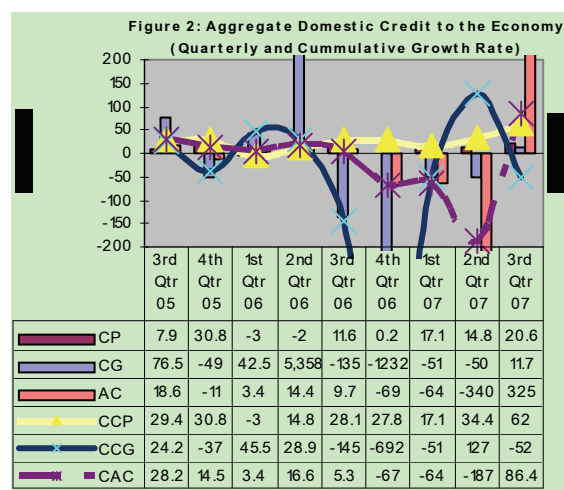
Banking system's credit to the private sector (CP) rose by 20.6 per cent to ₦4,157.4 billion, compared with the increase of 14.8 and 11.6 per cent in the preceding quarter and corresponding period of 2006, respectively. The rise in the review quarter reflected the 21.5 per cent increase in deposit money banks' (DMBs) claims on the core private sector (fig 2).



At ₦6,956.8 billion, foreign assets (net) of the banking system fell by 9.2 per cent, in contrast with the increase of 9.0 and 0.1 per cent in the preceding quarter and corresponding period of 2006, respectively. The development was attributable to the 8.1 and 17.7 per cent decline in the CBN and DMBs' holdings, respectively.

Quasi money rose by 1.8 per cent to ₦2,169.8 billion, compared with the increase of 8.2 and 5.4 per cent in the preceding quarter and corresponding period of 2006, respectively. The development was attributable to the increase in all the components namely, time, savings and foreign currency deposits of the DMBs during the quarter.

Other assets (net) of the banking system, also, rose by 0.2 per cent to ₦3,903.1 billion, in contrast to the decline of 18.5 per cent in the preceding quarter. The increase reflected largely the rise in unclassified assets of the CBN during the quarter under review.



## 2.2 Currency-in-circulation and Deposits at the CBN

At ₦722.3 billion, currency in circulation rose by 1.2 per cent in September, 2007 over the level in June, 2007. The rise was traceable to the 2.7 per cent increase in currency outside the banking system during the period.

Total deposits at the CBN amounted to ₦5,151.3 billion, indicating an increase of 0.1 per cent over the level in the preceding quarter. The development was attributable to the 5.2 per cent rise in Federal Government's deposits, reinforced by the 22.8 per cent increase in deposit money banks' deposits. The shares of the Federal Government, banks and "others" in total deposits at the CBN were 96.4, 3.4 and 0.2 per cent, respectively, compared with the shares of 96.8, 2.9 and 0.3 per cent, in the second quarter of 2007.

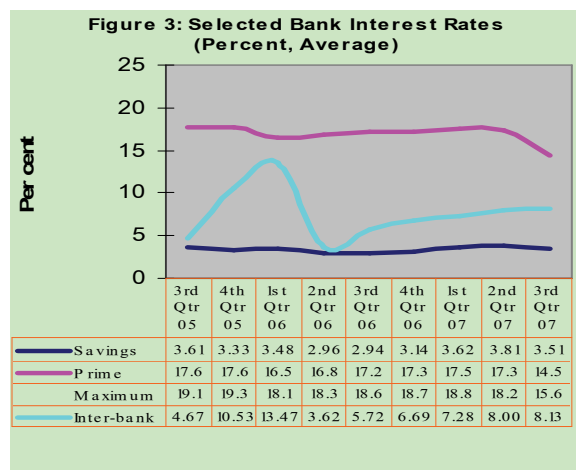
## 2.3 Interest Rate Developments

Available data indicated a mixed developments in banks' deposit rates in the third quarter of 2007. With the exception of the seven-day, one-month and six-month savings rates which rose by 0.24, 0.12 and 0.08 percentage points to 5.83, 10.50 and 10.45 per cent, respectively, all other rates fell during the review quarter. The average savings deposit rate declined by 0.30 percentage point to 3.51 per cent, while other rates on deposits of various maturities declined from a range of 3.60 – 10.25 per cent in the preceding quarter to 7.46 – 9.69 per cent. Similarly, the average maximum and prime lending rates declined by 2.53 and 2.82 percentage points to 15.63 and 14.48 per cent, respectively. Consequently, the spread between the weighted average deposit and maximum lending rates widened from 10.42 percentage points in the preceding quarter to 10.63 per cent. Similarly, the margin between the average savings deposit and maximum lending rates widened from 14.35 percentage points in the preceding quarter to 14.79 percentage points.

The weighted average inter-bank call rate, which stood at 8.00 per cent in the preceding quarter, rose to 8.13 per cent at end-September, 2007, reflecting the liquidity squeeze in the inter-bank funds market.

## 2.4 Money Market Developments

Activities during the third quarter of 2007 were driven by the implementation of the new framework of monetary policy with open market operations as the main tool for liquidity management.



The CBN Standing Facilities (Lending and Deposit Facilities) which became operational on December 11, 2006 with the Monetary Policy Rate of 10.00 per cent, was reviewed downward by 200 basis points, i.e. from 10.0 per cent to 8.0 per cent in June, 2007 while the width of the interest rate corridor was reduced from +/- 300 to +/- 250 basis points. Consequently, the CBN deposit facility stood at 5.5 per cent, while the lending facility was 10.5 per cent, down from 7.0 and 13.0 per cent, respectively.

In its communique no. 51 of August 1, 2007, the Monetary Policy Committee (MPC) under the chairmanship of the Governor, Professor Chukwuma C. Soludo reviewed the macroeconomic developments in the economy. The Committee also reviewed the implementation of the major fiscal, monetary and exchange rate policies in the first half of 2007, as well as the challenges for the rest of the year. The MPC noted with satisfaction the overall macroeconomic performance in the first half of the year, as evidenced by the sustained single-digit inflation and relatively stable naira/dollar exchange rate and interest rates. The Committee, thus, restated its commitment to ensuring price and exchange rate stability through restrictive monetary policy stance for the rest of the year.

### **The outlook for the rest of the 2007 and the MPC decision.**

The Committee noted that year-on-year headline inflation would continue to remain single digit in the third quarter of 2007, but may not return to the April level of 4.2 per cent, the lowest recorded in the first half of 2007. Overall, a combination of stable food prices and a restrictive monetary policy stance is expected to help sustain the headline inflation within single-digit. The Committee also noted the challenges arising from rising autonomous private inflows and the challenge of further appreciation of the naira/dollar exchange rate. In addition, the Committee noted other important sources of pressure/risk to low inflation including the virement of capital vote to finance recurrent expenditure and the distribution of part of the excess crude oil account. However, the forecast growth path of M2 in the rest of the year is within target if monetary policy remains on course.

- In the light of the above, the Committee decided to:
  - a) Retain the MPR at 8.0 per cent
  - b) Approve increased sale of financial securities to preemptively and proactively mitigate the impact of increased fiscal injections on system liquidity.

The CBN Standing Facilities had salutary effects in moderating inter-bank rates in the third quarter of 2007. Consequently, the volatility that was observed in the corresponding period of 2006 was subdued as inter-bank rates generally fell within the lending and deposit facilities rates. The average monthly inter-bank call rates were 10.52, 6.83 and 6.24 per cent, for the months of July, August and September 2007, respectively, compared with 3.37, 9.55 and 10.45 per cent in corresponding period of 2006. Similarly, the monthly Open Buy Back rates stood at 9.34, 6.22 and 5.67 per cent, compared with 3.49, 9.25 and 12.21 per cent in the corresponding period of 2006.

The value of money market assets outstanding at the end of the third quarter of 2007 increased by 2.8 per cent to ₦2,127.3 billion, compared with the increase of 16.5 per cent in the preceding quarter. The rise was attributable largely to the 14.9 per cent increase in outstanding FGN Bonds. FGN bonds worth ₦179.0 billion was issued, compared with ₦160 billion issued in the preceding quarter.

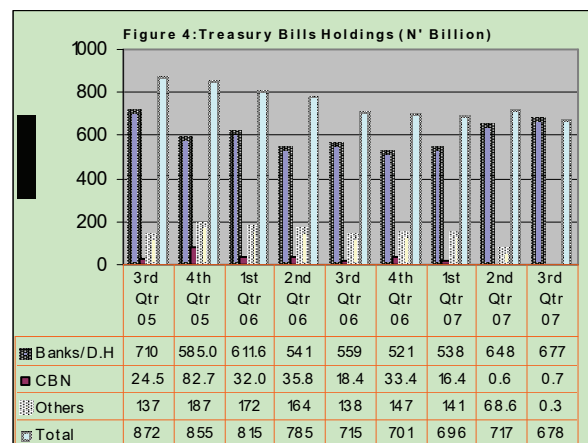
Data on holdings of treasury bills outstanding indicated that holdings by the CBN, DMBs and discount houses rose by 16.7 and 4.5 per cent to ₦=0.7 and ₦=676.9 billion, respectively, over the levels in the preceding quarter. However, holdings by the non-bank public declined by 99.5 per cent to ₦=0.3 billion.

Treasury bills worth ₦=327.1 billion were offered during the third quarter of 2007, compared with ₦=359.9 and ₦=311.9 billion in the preceding quarter and corresponding period of 2006, respectively. Subscriptions and sales stood at ₦=479.0 billion and ₦=327.1 billion, respectively, compared with ₦=891.7 billion and ₦=359.9 billion in the preceding quarter. The sustained patronage in the market was attributable largely to the safe attributes of the government securities. Analysis of the offer showed that the share of DMBs and discount houses declined by 5.8 per cent from the preceding quarter's level to ₦=188.4 billion or 57.6 per cent of the total, while investment by the non-bank public stood at ₦=138.6 billion, representing 42.4 per cent. Investment by the CBN accounted for the balance of the total amount issued.

## 2.5 Deposit Money Banks' Activities

Available data indicated that total assets/liabilities of the DMBs amounted to ₦=9,605.1 billion, representing an increase of 24.0 and 48.0 per cent over the levels in the preceding quarter and correspond

ing period of 2006, respectively. The development was attributable largely to the rise in claims on state and local governments.



Funds, which were sourced mainly from capital accounts and demand deposits were used mainly to extend credit to the core private sector and purchase of Federal Government securities.

At ₦=5,183.9 billion, credit to the domestic economy rose by 34.0 and 49.5 per cent over the levels in the preceding quarter and corresponding period of 2006, respectively. The increase in credit during the quarter under review was traceable to the expansion in claims on the core private.

Central Bank's credit to the DMBs fell by 1.4 per cent to ₦=9.7 billion in the review quarter, reflecting a reduction in CBN overdraft facility to DMBs.

Total specified liquid assets of the DMBs stood at ₦=2,807.3 billion, representing 52.0 per cent of their total deposit liabilities. At that level, the liquidity ratio rose by 7.5 percentage points over the preceding quarter's level. This level of assets was 12.0 percentage points above the stipulated minimum ratio of 40.0 per cent for fiscal 2007.

## 2.6 Discount Houses

Total assets/liabilities of the discount houses stood at ₦=315.2 billion in the third quarter of 2007, indicating an increase of 41.0 and 59.4 per cent over the levels in the preceding quarter and corresponding period of 2006, respectively. The rise in assets relative to the preceding quarter was attributable to the 168.3 and 124.7 per cent increase in claims on banks and others, respectively. Similarly, the increase in total

liabilities was attributable to the 66.4 and 41.9 per cent rise in money at call and other amount owing, respectively, during the period. Discount houses' investments in Federal Government securities of less than 91 days maturity amounted to ₦136.9 billion, representing 48.5 per cent of their total deposit liabilities. At this level, discount houses' investments declined by 6.2 and 1.6 per cent from the levels in the preceding quarter and corresponding period of 2006, respectively. This level of investment was 11.5 percentage points below the prescribed minimum level of 60.0 per cent for fiscal 2007.

Total borrowing by discount houses was ₦203.5 billion, while their capital and reserves amounted to ₦18.1 billion, representing an increase of 41.9 and 4.0 per cent over the levels in the preceding quarter and the corresponding period of 2006, respectively. Thus, resulting in a gearing ratio of 11.2:1, compared with the stipulated maximum target of 50:1 for fiscal 2007.

## 2.7 Capital Market Developments

Available data indicated that activities on the Nigerian Stock Exchange (NSE) in the third quarter of 2007 showed mixed developments. The volume and value of traded securities fell by 5.0 and 30.0 per cent to 35.9 billion shares and ₦231.3 billion, respectively, compared with 37.8 billion shares and ₦330.5 billion in the preceding quarter. It however, rose significantly by 204.2 and 42.8 per cent, respectively, when compared with the corresponding period of 2006.

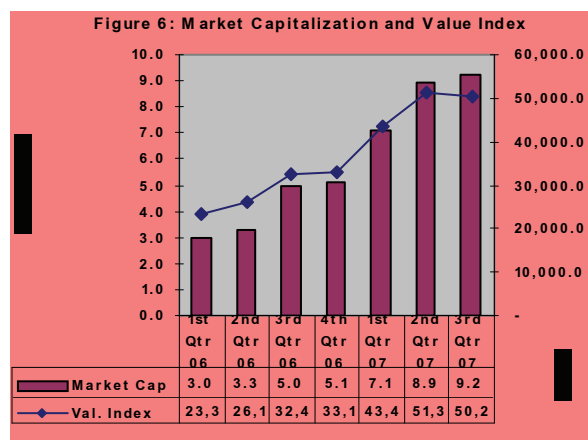
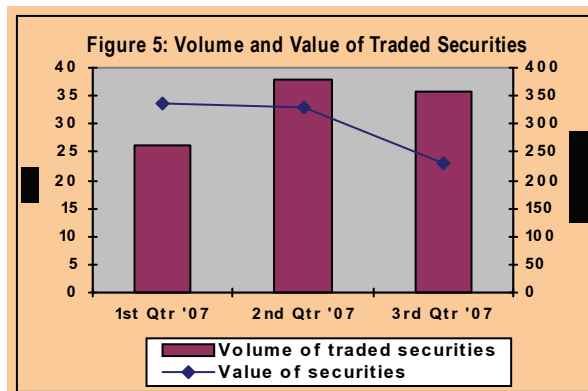
The banking sub-sector remained the most active on the exchange followed by the insurance sub-sector. Transactions in the Federal Government and industrial loans/preference stocks, however, remained dormant during the period under review.

Transactions on the Over-the-Counter (OTC) bond market, indicated that a turnover of 1.2 billion units worth ₦1,295.6 billion in 9,048 deals was recorded in the review quarter, compared with 494.7 million units valued at ₦538.3 billion in 6,872 deals recorded in the second quarter 2007. The most active bond was the 4th FGN Bond 2009 series 12 with a traded volume of 47.5 million units valued at ₦53.65 billion in 470 deals.

In the new issues market, issuance of the 4<sup>th</sup> FGN bonds progressed as six Federal Government Bonds namely, the seventh (3-year) 2010, eighth (10-year) 2017, ninth (10-year) 2012, tenth (10-year) 2017, ninth (re-opening-10-year) 2017 and eleventh (7-years) 2014 series of bonds valued at ₦172.0 billion were admitted to the Daily Official List with a coupon rate

of 7.95, 9.85, 9.35, 9.50, 9.35 and 9.25 per cent and a subscription rates of 7.95, 9.85, 9.50, 9.35, 9.51, and 9.25 per cent, respectively. The issues were over-subscribed in excess of ₦98.1 billion.

The All-Share Index fell by 2.2 per cent to close at 50,229.01 (1984 = 100), while the total market capitalization of the 209 listed securities rose by 3.4 per cent to ₦9.2 trillion in the review quarter. The development was attributable largely to price gains recorded by the highly capitalized companies in the banking and insurance sub-sectors.



In another development, the shares of the NFI Insurance was placed on full suspension following the receipt of its merger application with AIICO Insurance Plc and Lamda Insurance Co. Plc. The Technical suspension placed on First Bank of Nigeria Plc and Cement Company of Northern Nigeria Plc were lifted on the expiration of the two weeks allowed by the Exchange after the closure of offer. Technical suspensions were also imposed on Nigerian Aviation Handling Co. Plc, Afribank Nigeria Plc, First City Monument Bank and Great Nigeria Insurance Plc, following their applications to undertake supplementary share offerings. However, the technical suspension on Transnational Corporation of Nigeria Plc was removed on the listing of shares from the IPO. Also,

the technical suspension placed on IBTC Chartered Bank Plc following the commencement of merger proceedings between the bank and Stanbic Bank (Nigeria) Limited was lifted during the month under review. In a related development, the name of First Assurance Plc was changed to Equity Assurance Plc following its merger with Equity Indemnity Insurance Limited. Also, the symbol of the company was changed from “First Assurance” to “Equity Assur”.

### 3.0 FISCAL OPERATIONS

#### 3.1 Federation Account Operations

Total federally-collected revenue during the third quarter of 2007 stood at ₦1,479.40 billion, representing an increase of 20.0 per cent over the proportionate budget estimate. Total federally-collected revenue, however, fell by 0.6 per cent, compared with the corresponding period of 2006. At ₦1,165.62 billion, oil receipts which constituted 78.8 per cent of the total, increased by 22.5 and 25.8 per cent over the budget estimate and the level in the preceding quarter, respectively. The rise in oil receipts relative to the budget estimate was attributable to the consistent increase in oil prices at the international oil market during the review period. Similarly, non-oil receipts, at ₦313.78 billion or 21.2 per cent of the total, was higher than the receipts in the preceding quarter and the budget estimate by 62.2 and 11.7 per cent, respectively. The rise in non-oil receipts during the period was attributable to the increase in Companies Income Tax (CIT) and the Independent Revenue of the Federal Government collections (fig 7).

Of the total federally-collected revenue during the review quarter, the sum of ₦870.27 billion was transferred to the Federation Account for distribution among the three tiers of government and the 13% derivation fund. The Federal Government received ₦409.13 billion, while the state and local governments received ₦207.51 billion and ₦159.98 billion, respectively. The balance of ₦93.65 billion went to the 13% derivation fund for distribution by the oil producing states.

#### 3.2 The Fiscal Operations of the Three Tiers of Government

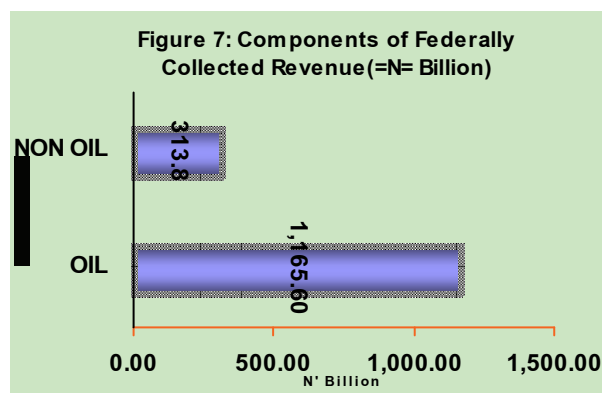
##### 3.2.1 The Federal Government

At ₦566.62 billion, the Federal Government retained revenue for the third quarter of 2007 was 18.8 per cent higher than the proportionate budget estimate but lower than the receipts in the preceding quarter by 15.5 per cent. The rise in retained revenue was attributable to the increase in Federal Government Independent

Revenue reflecting the sum of ₦51.10 billion realised from the Nigerian Communications Satellite Project by Nigerian Communications Commission (NCC) during the period.

At ₦515.7 billion, total expenditure for the period fell by 11.9 and 118 per cent from the levels in the preceding quarter and the proportionate budget estimate, respectively. The decline in total expenditure for the period relative to the preceding quarter and budget estimate was attributable largely to the low level of capital expenditure, especially in the months of July and August, 2007. A breakdown of total expenditure showed that recurrent and capital accounted for 80.3 and 14.6 per cent, respectively, while transfers accounted for the balance.

The fiscal operations of the Federal Government in the third quarter of 2007 resulted in a surplus of ₦50.98 billion, in contrast to the proportionate budgeted deficit of ₦107.37 billion. Relative to the preceding quarter and the corresponding period of 2006, the fiscal operations of the Federal Government resulted in a surplus of ₦85.06 billion and a deficit of ₦5.46 billion, respectively.



##### 3.2.2 Statutory Allocations to State Governments

Total receipts, including 13% Derivation and share of Value Added Tax (VAT) by the State Governments from the Federation Account during the third quarter of 2007 stood at ₦411.67 billion, representing an increase of 9.3 and 45.6 per cent over the levels in the preceding quarter and corresponding period of 2006, respectively. At ₦35.77 billion, receipts from the VAT Pool Account rose by 4.6 and 30.1 per cent over the levels in the preceding quarter and the corresponding period of 2006, respectively. Similarly, at ₦375.90 billion, total receipts from the Federation Account, including the 13% derivation funds rose by 9.8 and 47.3 per cent over the levels in the preceding quarter and

corresponding period of 2006, respectively. On monthly basis, the sums of ₦153.61 billion, ₦140.75 billion and ₦117.31 billion were allocated to the 36 state governments in July, August and September 2007, respectively.

### 3.2.3 Statutory Allocations to Local Government Councils

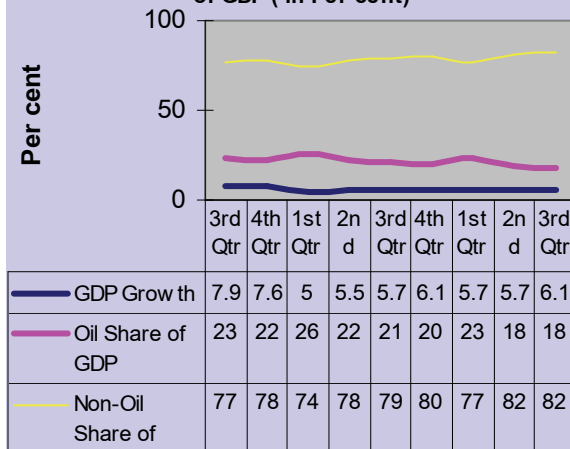
Total receipts by the local governments from the Federation and VAT Pool Accounts during the third quarter of 2007 stood at ₦223.76 billion. This was higher than the levels in the preceding quarter and the corresponding period of 2006 by 36.2 and 46.3 per cent, respectively. Of this amount, allocations from the Federation Account (including share of excess crude) was ₦198.29 billion or 88.6 per cent of the total, compared with 85.4 per cent recorded in the preceding quarter of 2007.

VAT Pool Account contributed ₦25.47 billion, which was higher than the levels in the preceding quarter and corresponding quarter of 2006 by 6.4 and 32.3 per cent, respectively. On monthly basis, the sums of ₦81.51 billion, ₦77.16 billion and ₦64.18 billion were allocated to the 774 local governments in July, August and September 2007, respectively.

## 4.0 DOMESTIC ECONOMIC CONDITIONS

**A**ggregate output growth in the economy measured by the gross domestic product (GDP) was estimated at 6.05 per cent during the third quarter of 2007, compared with 5.73 per cent in the preceding quarter. The growth was driven by the non-oil sector which grew at an estimated 9.47 per cent. The major agricultural activities during the third quarter of 2007 were harvesting of various root crops such as yam, Irish and sweet potatoes, groundnuts and maize. Crude oil production was estimated at 2.18 million barrels per day (mbd) or 200.56 million barrels for the quarter. The end-period inflation rate for the third quarter of 2007, on a year-on-year basis, was 4.1 per cent, compared with 6.4 per cent in the preceding quarter. The inflation rate on a 12-month moving average basis remained unchanged at the preceding quarter's level of 5.9 per cent.

Figure 8: Trends in Oil and Non-Oil Share of GDP ( in Per cent)



### 4.1 Agricultural Sector

Agricultural activities during the third quarter of 2007 centered on harvesting of various root crops, especially yams, Irish and sweet potatoes, groundnut and maize. Following the increased frequency of rainfall, planting of late crops continued in some areas. In the northern part of the country, the predominant activities included preparation of land and nurseries for tomatoes, pepper, carrots, cabbage and other vegetables. In the livestock sub-sectors, poultry farmers intensified production of poultry products, especially during the last month of the quarter, in preparation of for the approaching festive season.

During the quarter under review, a total of ₦1,533.4 million was guaranteed to 5,358 farmers under the Agricultural Credit Guarantee Scheme (ACGS). This amount represented an increase of 153.3 and 111.5 per cent over the levels in the preceding quarter and corresponding quarter of 2006. A sub-sectoral analysis of the loans guaranteed indicated that the food crops sub-sector had the largest share of ₦1,403.1 million or 91.5 per cent guaranteed to 5,264 beneficiaries, while the livestock sub-sector received ₦88.4 million or 5.8 per cent guaranteed to 71 beneficiaries. Also, the fisheries sub-sector obtained ₦32.1 million or 2.1 per cent for disbursement to 7 beneficiaries, while the cash crops sub-sector got ₦7.7 million or 0.5 per cent guaranteed to 14 beneficiaries. The balance of ₦1.7 million or 0.1 per cent went to 2 beneficiaries in the 'others' sub-sector. Further analysis showed that 33 states including FCT benefited from the scheme during the quarter, the highest and lowest sums of ₦242.3 million (15.8 per cent) and ₦0.5 million (0.03 per cent) went to Adamawa and Zamfara states, respectively.

Retail price survey of most staples by the CBN showed price increases in the third quarter of 2007. Twelve of the fourteen commodities monitored, namely; guinea corn, white beans, white maize, yellow maize, groundnut oil, brown beans, vegetable oil, local rice, white garri, eggs, yellow garri and palm oil recorded price increase of 3.3, 6.3, 5.1, 8.4, 9.2, 6.7, 1.1, 1.7, 2.9, 3.0, 5.8 and 8.4 per cent, respectively, over their levels in the preceding quarter. This was, however, moderated by the components of millet and yam flour whose prices declined by 1.9 and 20.5 per cent, respectively, during the review quarter.

The prices of all Nigerian major agricultural commodities at the London Commodities Market recorded increases during the review quarter. All the six commodities monitored namely; coffee, palm oil, cocoa, copra, soya bean and cotton in dollar terms, recorded price increase of 32.2, 25.1, 1.7, 7.5, 84.0 and 14.2 per cent, respectively, over their levels in the preceding quarter.

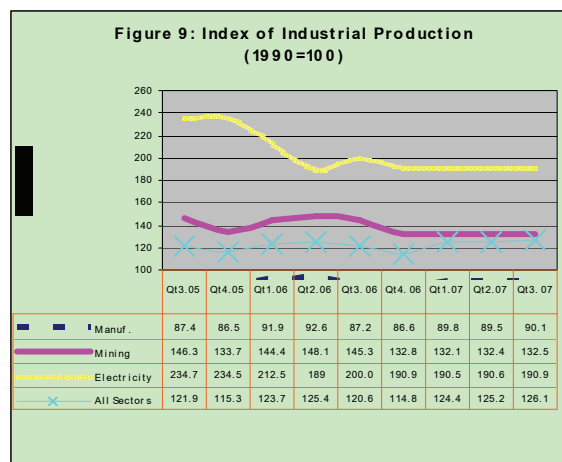
In naira terms, also all the six commodities traded, namely, coffee, palm oil, cocoa, copra, cotton, and soya bean recorded price increase of 39.3, 26.7, 1.3, 7.1, 13.6 and 70.2 per cent, respectively, over the levels in the preceding quarter. The prices of coffee, palm oil, cocoa, copra, cotton, and soya bean increased by 53.9, 91.4, 26.4, 3.0, 10.2 and 240.8 per cent, respectively, when compared with the levels in the corresponding period of 2006.

#### 4.2 Industrial Production

Industrial activities during the third quarter of 2007 improved relative to the preceding quarter. At 126.1 (1990=100), estimated index of industrial production improved by 0.7 and 4.6 per cent over the level attained in the preceding quarter and corresponding period of 2006, respectively. The increase was attributable to the improvement in manufacturing output, mining production and electricity consumption.

Provisional data on the sectoral growth rate of GDP indicated that the manufacturing sub-sector grew by 9.8 per cent over the level attained in the preceding quarter and corresponding quarter of 2006. The estimated index of manufacturing production, at 90.1 (1990=100), rose by 9.8 per cent over the level in the preceding quarter. The development was attributable to the improved power supply and stability in exchange rate of the naira against the US dollar experienced during the period under review.

At 132.5 (1990=100), the index of mining production rose by 0.8 and 8.1 per cent over the level in the preceding quarter and corresponding period of 2006. The rise in mining production was attributable largely to the increase in crude oil and gas production, reflecting increase in crude oil production of 50,000 bpd and 30,000 bpd by Shell and Addax Petroleum, respectively.



At 3,125.0 MW/h, estimated average electricity generation rose by 11.8 per cent over the level attained in the preceding quarter. The rise was attributable to the increase in water levels at the reservoirs, which power the hydro power stations in the country and coming on stream of the rehabilitated part of the Egbin power station.

At 1,781.3 MW/h, estimated average electricity consumption rose by 10.2 and 6.2 per cent over the levels in the preceding quarter and the corresponding period of 2006, respectively. Of the total, residential consumption accounted for 51.3 per cent, commercial & street lighting accounted for 26.7 per cent, while industrial consumption accounted for 22.0 per cent. The increase in electricity consumption relative to the preceding quarter was attributed to the improved supply from the hydro power generating stations.

#### 4.3 Small and Medium Enterprises Equity Investment Scheme

A cumulative sum of ₦37.4 billion has been realized under the SMEEIS as at the end of the third quarter of 2007. During the quarter under review, the sum of ₦21.2 billion or 50.7 per cent of the total was set aside for investment in 309 projects. Overall, the total amount invested by banks remained the same as in the preceding quarter. Sectoral analysis of the cumulative investment showed that the real

sector (manufacturing-35.7%, construction-5.4%, agro-allied-6.7% and solid minerals-0.3%) recorded investments worth =N=10.2 billion, (accounting for 48.1 %) in 189 projects, while the service sub-sector (tourism & Leisure-21.8%, services-21.1%, IT & Telecom-8.4%, and Educational Establishment-0.6%) accounted for =N=11.0 billion (51.9%) in 116 projects.

#### 4.4 Petroleum Sector

Nigeria's crude oil production, including condensates and natural gas liquids was estimated at 2.18 million barrels per day (mbd) or 200.56 million barrels in the third quarter of 2007, representing an increase of 1.4 per cent over the level in the preceding quarter. Crude oil export was estimated at 1.73 mbd or 159.16 million barrels in the review quarter, compared with 1.70 mbd and 1.9 mbd in the preceding quarter and corresponding period of 2006, respectively. Deliveries to the refineries for domestic consumption remained at 0.45 mbd or 41.40 million barrels in the review quarter.

At an estimated average of US\$79.64 per barrel, the price of Nigeria's reference crude, the Bonny Light (37° API), rose by 11.9 per cent over the level in the preceding quarter. The average prices of other competing crudes namely, the West Texas Intermediate, the U.K Brent, the Arab Light, and the Forcados also rose by 23.3, 13.0, 17.1 and 11.6 per cent to US\$79.66, US\$77.77, US\$73.94 and US\$79.26 per barrel, respectively. The average price of OPEC's basket of eleven crude streams rose by US\$13.6 per barrel to US\$73.10 over the level in the preceding quarter. The increase in price was attributable to the output disruption in Nigeria and Iran which had tightened supply.

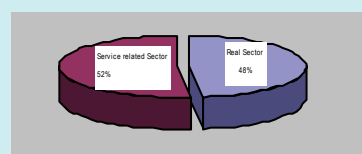
#### 4.5 Consumer Prices

Available data showed that the all-items composite Consumer Price Index (CPI) for the end of third quarter, 2007 was 170.20 (May 2003=100), representing an increase of 3.6 and 4.1 per cent over the levels in the preceding quarter and corresponding period of 2006, respectively. The development was attributable to the increase in the prices of some food items, clothing and footwear, transportation and miscellaneous goods and services.

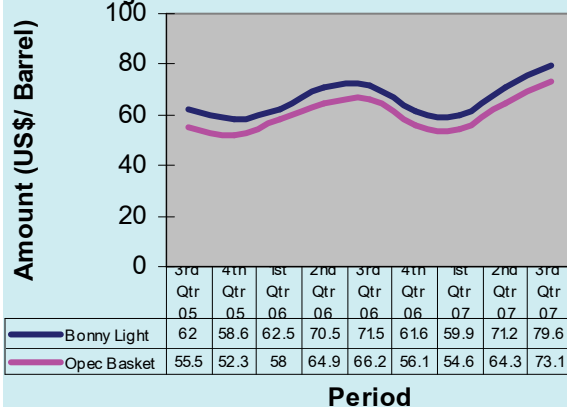
The urban all-items CPI at the end of third quarter, 2007 was 186.90 (May 2003=100), indicating an increase of 1.8 and 9.2 per cent over the levels in the preceding quarter and corresponding quarter of 2006, respectively. Similarly, the rural all-items CPI for the quarter stood at 163.0 (May 2003=100), and represented an increase of 4.5 and 1.8 per cent over the levels in the preceding quarter and corresponding period of 2006, respectively.

The end-period inflation rate for the third quarter of 2007, on a year-on-year basis, was 4.1 per cent, compared with 6.4 and 6.3 per cent recorded in the preceding quarter and corresponding quarter of 2006, respectively. The inflation rate on a twelve-month moving average basis for the third quarter in 2007 remained unchanged at the preceding quarter's level of 5.9 per cent, compared with 10.0 per cent recorded in September 2006. The development reflected largely the stability in the supply of petroleum products and the harvest of agricultural products such as maize, yam, vegetables and fruits.

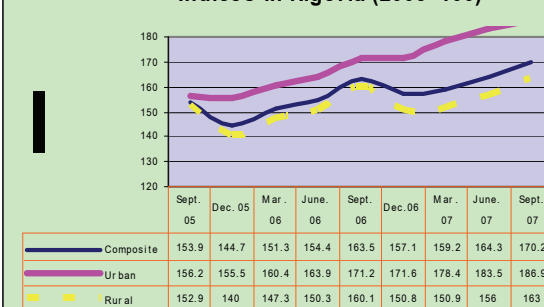
**Figure 10: Distribution of Value of SMEES Investments As At September 2007**



**Figure 11: Trends in Crude Oil Price**



**Figure 12: Quarterly Consumer Price Indices in Nigeria (2003=100)**



## 5.0 EXTERNAL SECTOR DEVELOPMENTS

### 5.1 Balance of Payments

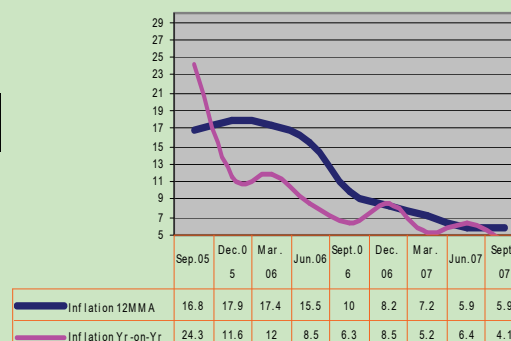
The balance of payments account remained favourable in the third quarter of 2007 with an estimated overall surplus of ₦=670.9 billion, compared with the surplus of ₦=6.5 billion and ₦=478.5 billion recorded in the preceding quarter and the corresponding period of 2006, respectively. The development was attributable to the improved position recorded in the current account, occasioned by the sustained increase in the international price of crude oil during the period. The current account surplus, increased by 29.1 and 44.1 per cent over the levels in the preceding quarter and corresponding period of 2006, respectively. The capital and financial account, however, recorded a deficit of ₦=897.9 billion, compared with a deficit of ₦=1,206.8 billion in the preceding quarter (fig. 10).

The gross external reserves rose by 12.5 per cent to US\$47.97 billion, compared with US\$42.63 billion and US\$40.46 billion in the preceding quarter and corresponding period of 2006, respectively. This level of reserves could finance 22.3 months of current import commitments, compared with 18.8 and 22.1 months in the preceding quarter and corresponding period of 2006, respectively.

#### 5.1.1 The Current Account

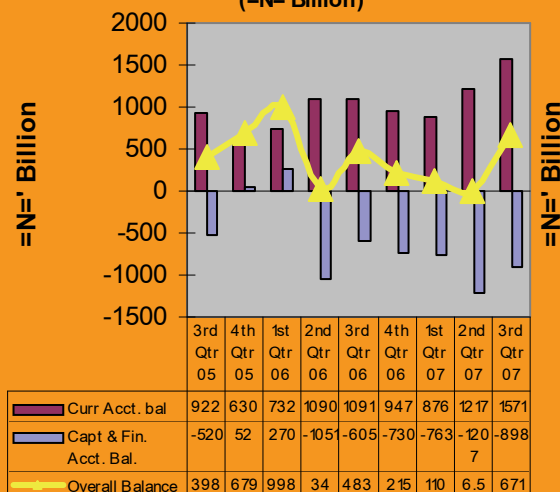
The current account surplus rose by 29.1 and 44.1 per cent, to ₦=1,571.4 billion. over the levels in the preceding quarter and the corresponding period of 2006, respectively, The development was attributed to the earnings from both crude oil and non-oil exports, coupled with the huge inward transfers. The balance in the goods account rose from a surplus of ₦=741.9 billion in the preceding quarter to ₦=854.4 billion. The development was attributable to the increase in international price of crude oil during the period. The current transfers account (net) rose by 1.3 and 150.8 per cent to ₦=657.7 billion over the levels in the preceding quarter and corresponding period of 2006, respectively. Furthermore, the inflows through the general government recorded a deficit of ₦=2.2 billion, while “other sectors” recorded higher inflows of ₦=659.9 billion. The development was attributable to the high level of inflow through personal home remittances by Nigerians abroad during the review quarter.

Figure 13: Inflation Rate in Nigeria (Per Cent)



Source: National Bureau of Statistics (NBS), Abuja

Figure 14: Balance of Payments Estimates (₦=Billion)



#### 5.1.2 The Capital and Financial Account

The capital and financial account recorded a deficit of ₦=897.9 billion, compared with a deficit of ₦=1,206.8 billion and ₦=609.7 billion in the preceding quarter and corresponding period of 2006, respectively. The private component of other investment recorded a deficit of ₦=1,321.6 billion, compared with a deficit of ₦=1,456.3 billion and ₦=734.0 billion in the preceding quarter and the corresponding period of 2006, respectively.

## 5.2 Foreign Exchange Flows

Foreign exchange inflow and outflow through the CBN in the third quarter of 2007 amounted to US\$10.05 billion and US\$5.44 billion, respectively, representing a net inflow of US\$4.61 billion. Relative to the respective levels of US\$6.41 billion and US\$6.23 billion in the preceding quarter, inflow rose by 56.8 per cent, while outflow declined by 12.7 per cent. The rise in inflow was attributable to the increase in oil earnings occasioned by the continued favourable oil prices in the international oil market, while the decline in outflow was attributable largely to the fall in drawing on L/C and DAS utilisation during the quarter.

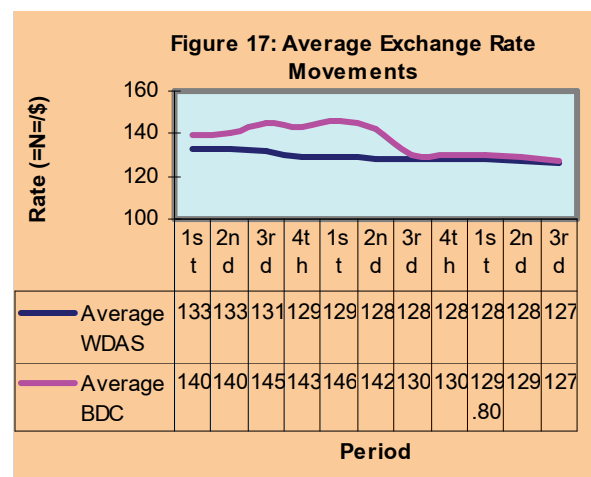
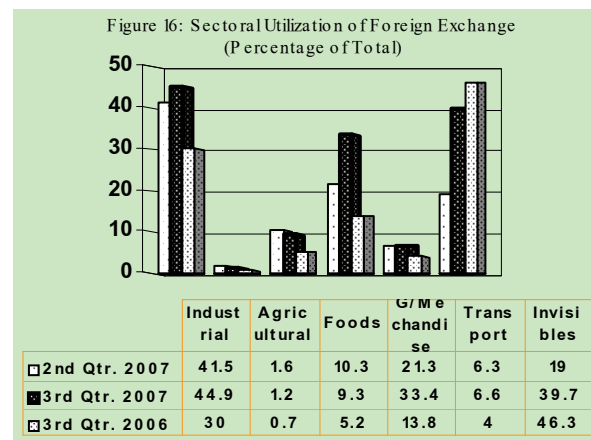
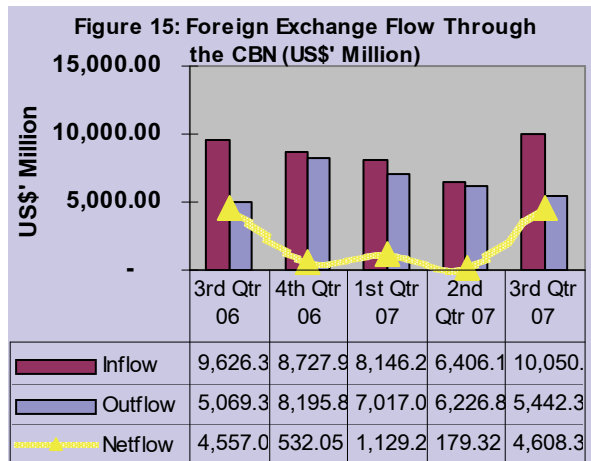
Available data on aggregate foreign exchange flows through the economy indicated that total inflow amounted to US\$19.49 billion, representing an increase of 40.6 and 30.6 per cent over the levels in the preceding quarter and corresponding period of 2006, respectively. Oil sector receipts, which accounted for 41.2 per cent of the total, stood at US\$8.04 billion, compared with US\$5.72 billion and US\$8.82 billion in the preceding quarter and corresponding period of 2006, respectively. Non-oil public sector inflows which accounted for 10.3 per cent of the total, rose by 191.6 per cent, while autonomous inflow which accounted for 48.5 per cent rose by 26.6 per cent.

At US\$5.71 billion, aggregate foreign exchange outflow from the economy fell by 11.5 per cent from the level in the preceding quarter but rose by 11.0 per cent over the level in the corresponding period of 2006. The decline in outflow relative to the preceding quarter was attributable to the 30.3, 13.7 and 8.5 per cent fall in ‘drawing on L/C, DAS utilisation and other official payments, respectively. The decline was, however, moderated by the 2.0 and 18.6 per cent rise in autonomous outflows and external debt service, respectively. Consequently, a total inflow of US\$19.50 billion was recorded during the review quarter, representing a net inflow of US\$13.79 billion, compared with the net inflow of US\$7.42 billion and US\$9.79 billion in the preceding quarter and the corresponding period of 2006, respectively.

## 5.3 Non-Oil Export Proceeds by top 100 Exporters

Total non-oil export earnings by Nigeria’s top 100 exporters declined by 16.5 per cent from the level in the preceding quarter to US\$266.48 million in the review period. A further analysis showed that proceeds in respect of the agricultural sub-sector fell from

US\$133.64 million in the preceding quarter to US\$96.44 million. Proceeds from the manufacturing and “others” sub-sectors, however, rose from US\$100.34 million and US\$25.27 million to US\$118.05 million and US\$51.99 million, respectively.



The shares of the agricultural, manufacturing and “others” sub-sectors in total non-oil export proceeds were 38.1, 48.9 and 13.0 per cent, respectively, compared with 51.5, 44.7 and 3.8 per cent, in the preceding quarter. The rise in the shares of manufacturing and “others” sub-sectors was attributable largely to the increase in the prices of the goods traded at the international market. The top 100 exporters accounted for 99.6 per cent of all the non-oil export proceeds in the third quarter of 2007.

#### 5.4 Sectoral Utilisation of Foreign Exchange

The industrial sector accounted for the bulk (35.0 per cent) of total foreign exchange disbursed in the third quarter of 2007, followed by the “invisibles” sector (28.4 per cent). Other beneficiary sectors, in a descending order of importance, included: general merchandise (23.9 per cent), food (6.7 per cent), transport (5.0 per cent) and agricultural products (1.0 per cent) (Fig.12).

#### 5.5 Foreign Exchange Market Developments

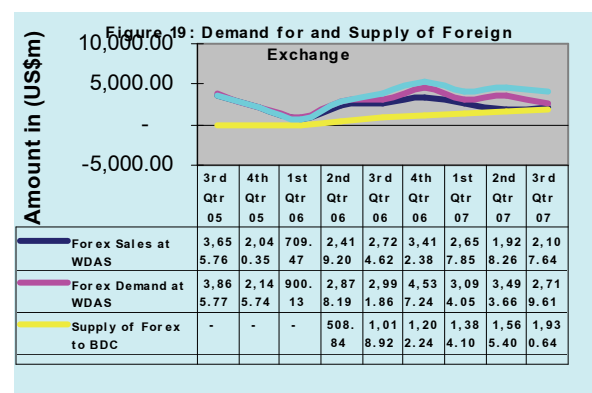
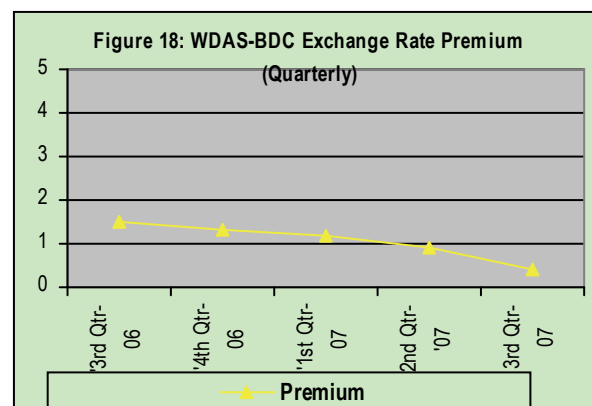
Foreign exchange sales by the CBN to end-users through the authorized dealers stood at US\$4.04 billion, indicating a decline of 13.7 per cent from the level in the preceding quarter but an increase of 8.0 per cent over the level in the corresponding period of 2006. Under the WDAS, the weighted average exchange rate of the Naira vis-a-vis the US dollar appreciated by 0.7 per cent to ₦126.63 per dollar from ₦127.55 per dollar in the preceding quarter. It also showed an appreciation of 1.3 per cent over the level in the corresponding period of 2006. In the bureaux de change segment of the market, the average rate, also, appreciated by 1.3 per cent from ₦128.83 per dollar in the second quarter of 2007 to ₦127.15 per dollar. Consequently, the premium between the official and the bureaux de change rates narrowed slightly from 0.9 per cent in the preceding quarter to 0.4 per cent. The development was attributable to the effective liquidity management by the monetary authority.

### 6.0 OTHER INTERNATIONAL ECONOMIC DEVELOPMENTS

World crude oil output in the third quarter of 2007 was estimated at 84.97 million barrels per day (mbd), while demand was estimated at 84.7 mbd, compared with 85.40 and 85.9 mbd supplied and demanded in the preceding quarter. The decline in demand was attributable to the high prices of crude oil at the international oil market.

Other major international economic developments of relevance to the domestic economy during the quarter included: a two-day meeting of the African Caucus of the African Governors of the Bretton Woods Institutions held in Maputo, Mozambique from July 30—The World Bank Institute and the World Bank Development Economics Vice-Presidency launched its Governance Matters 2007: Worldwide Governance Indicators (WGI) 1996—2006 Report on July 10, 2007. The WGI measured six components of good governance as follows: voice and accountability; political stability and absence of violence; government effectiveness; regulatory quality; rule of law and control of corruption. (See July Report).

The International Monetary Fund released Nigeria’s Third Review under the Policy Support Instrument (PSI) on July 31, 2007. (See July Report). 31, 2007. (See July Report).



An inter-ministerial Preparatory Committee meeting to the 62nd Session of the United Nations Assembly (UNGA) held at the Ministry of Foreign Affairs on August 1, 2007. The meeting was convened by the International Organisations Department of the Ministry of Foreign Affairs. (See August Report).

The 31st Ordinary Meeting of Governors of the Association of African Central Banks (AACB) was held in Tripoli, Libya on August 15, 2007. (See August Report).

The African Consultative Group of the International Monetary Fund (IMF) met on August 20, 2007 in Maputo, Mozambique to exchange views on the progress to date on IMF reforms, in particular on the consensus and support needed for reforms aimed at improving voice and governance at the Fund. (See August Report).

Furthermore, Nigeria completed the fourth and final review of the IMF Policy Support Instrument (PSI) programme which was approved by the Executive Board of the IMF on October 17, 2005. The review improved the country's image and encouraged international investment in the country. The IMF team carried out the review from August 19—28, 2007. (See August Report)

Also, the Economic Community of West African States (ECOWAS) on August 8, 2007 signed a \$1.5 million grant agreement with the African Capacity Building Foundation (ACBF) to enable it strengthen its capacity for data collection in Member States and promote data-based planning in the region. The grant which would be disbursed over four years will enable ECOWAS to implement eight core activities that will reinforce the capacity of the states to generate minimum statistical information needed for effective decision-making and planning.

The European Commission also approved €44.8 million to support regional integration in West Africa. The support will cover a period of five years, from 2007—2011 and focus on the four main pillars of West Africa's regional policy namely, achievement of common market; macroeconomic stability and convergence; institutional capacity building; and competitiveness enhancement and productive sectors. The programme will be implemented by the Ecowas Commission.

The United State Agency for International Development (USAID) would be providing an additional \$24.65 million to the Economic Community for West African States (ECOWAS) under three expanded agreements signed in Abuja on September 13, 2007 between the President of the Commission and the Mission Director of USAID for West Africa. The grant will support ECOWAS's efforts in trade, health and conflict mitigation. In 2006, USAID provided \$36.16 million dollars, bringing the amount so far provided under the

agreements to \$60.81 million dollars. Programmes for implementation under the agreement will support trade and investment, health, conflict mitigation and governance in all the Member States of ECOWAS as well as Cameroon, Chad, Gabon, Mauritania and Sao Tome and Principe. According to Dr. Chambas, President of the ECOWAS Commission, part of the grant would be utilized towards accelerating the process of creating a customs union in the region by strengthening, simplifying and speeding up customs procedures to improve intra-regional trade. In addition, he said the grant would support the region's efforts at poverty reduction, improved agricultural productivity, the institutions and a culture of democracy as well as the acceleration of development to spread prosperity. Activities under the agreement will be implemented through ECOWAS and other regional organizations; grants and contracts between USAID and non-governmental organisations and public/private alliances.

Also, the World Bank joined the United Nations in a broad new effort to help developing nations recover billions of dollars of looted funds. The initiative launched on September 17, 2007 estimated that between US\$1 trillion and US\$1.6 trillion is lost each year to various illegal activities, including corruption, criminal activity such as drugs, counterfeit goods, money, and illegal arms trade, and tax evasion. Secretary General of the United Nations Ban Ki-moon, World Bank President, Robert B. Zoellick, and Executive Director of the UN Office on Drugs and Crime (UNODC), Antonio Maria Costa, said a truly international effort is needed to ensure that looted assets are returned to their rightful owners. The World Bank President noted that:

- both developed and developing countries must work in partnership.
- Developing countries need to improve governance and accountability, but developed countries should also stop providing a safe haven for stolen proceeds.

In a related development, the new World Bank-United Nations Stolen Asset Recovery (StAR) Initiative: Challenges, Opportunities, and Action Plan wants to step up international efforts to recover developing countries' stolen assets, as well as stem the flow of looted funds. The StAR plan urges G8 and OECD countries to ratify the UN Convention Against Corruption (UNCAC) and actively aid the efforts of developing countries to recover assets within their borders. The convention, entered into force in December 2005, is the first legally binding global

anticorruption agreement. It provides a framework for asset recovery, including mechanisms to prevent money laundering and to recover assets diverted through corrupt practices. Only half of the OECD and G8 countries had ratified the convention by June 2007. In addition, the StAR plan recommends developed countries fund programs or directly provide developing countries with technical assistance that would enhance the capability of the criminal justice system—law enforcement, prosecutorial, and judicial authorities—to effectively prevent asset looting and recover the proceeds of corruption in accordance with internationally accepted legal standards. Wealthy countries should also pressure emerging market countries serving as havens for stolen assets to ratify and implement the UNCAC.

The StAR Initiative will help:

- Develop capacity to respond to and file international mutual legal assistance requests.
- Adopt and implement effective confiscation measures, including non-conviction based confiscation legislation.
- Enhance transparency and accountability of public financial management systems.
- Create and strengthen national anti-corruption agencies.
- Help monitor the recovered funds if requested by the countries.

Financial system regulating agencies should:

- enforce penalties for financial institutions doing business with corrupt individuals and politically exposed persons without due diligence and establish clear guidelines regarding their treatment.
- They should also strengthen anti-money laundering regimes by enforcing Know Your Customer record-keeping, and reporting requirements especially in relation to politically exposed persons.

On September 27, 2007, the World Bank Group pledged to contribute the sum of US\$3.5 billion from its income to provide grants and credits for the world's poorest countries through the 15<sup>th</sup> replenishment of the International Development Association (IDA). This pledge is more than double the US\$1.5 billion pledged by the World Bank Group to 14th IDA in 2005.

- For the first time, the amount pledged to IDA is also being funded substantially from the income of the International Finance Corporation (IFC), a World Bank Group affiliate that promotes private sector development through investment and advisory services.

- The US\$3.5 billion is expected to be contributed equally by the IFC and the International Bank for Reconstruction and Development (IBRD), another World Bank Group affiliate.
- The IDA undertaking depends on the annual incomes of the IBRD and the IFC, as distributed by their respective Boards each year.
- The World Bank Group will also deepen the connection between the IFC and the IDA as part of a larger growth strategy for the IFC, to expand private sector investments in developing countries.
- The World Bank's Board of Executive Directors also approved the biggest simplification and reduction in loan charges in nine years for the 79 creditworthy low-and middle-income countries that are clients and shareholders of the IBRD. This returns loan pricings to the levels in effect prior to price increases in 1998.
- The World Bank President noted that the loan charge reduction and transfer to the IDA, reflected the need to leverage the financial strength of the World Bank Group as a whole to overcome poverty, and build inclusive and sustainable growth.

In another development, the Executive Board of the International Monetary Fund (IMF) on September 28, 2007, selected Dominique Strauss-Kahn to serve as IMF Managing Director and Chairman of the Executive Board for a five-year term starting on November 1, 2007. Mr. Strauss-Kahn will succeed Mr. Rodrigo de Rato.

Mr. Strauss-Kahn, 58, a national of France, has been a member of the National Assembly and Professor of Economics at the Institut d'Etudes Politiques de Paris. He served as Minister of the Economy, Finance and Industry from June 1997 to November 1999. He also served as Minister of Industry and International Trade from 1991-1993. Between 1993 and 1997, Mr. Strauss-Kahn joined the private sector as a corporate lawyer. Since 2000, Mr. Strauss-Kahn has taught economics at the Institut d'Etudes Politiques de Paris and he has been a visiting professor at Stanford University. Mr. Strauss-Kahn holds a PhD in economics from the University of Paris.

In a related development, on September 14, 2007 leaders of the major multilateral and inter-governmental organizations working for development in Africa, namely, the heads of the United Nations, African Development Bank, African Union Commission, European Commission, International Monetary Fund, Islamic Development Bank and the World Bank, established the MDG Africa Steering Group.

The MDG Africa Steering Group, chaired by the United Nations Secretary-General, mobilizes the leaders of the UN system and major multilateral and intergovernmental organizations in support of reaching the MDGs in Africa. The group will focus on:

- strengthening international mechanisms for implementation in the five areas of: health, education, agriculture and food security, infrastructure and statistical systems;
- improving aid predictability; and
- enhancing coordination at the country level. It will be supported by the MDG Africa Working Group, composed of representatives of the UN system and other major multilateral organizations and chaired by the UN Deputy-Secretary General. The Working Group will reach out to African Governments, prepare action plans for achieving the objectives of the Steering Group, mobilize and coordinate the efforts of the institutions represented, and prepare periodic progress reports.

Finally, the West African Monetary Institute (WAMI) embarked on its 2007 half year mission to Nigeria from September 10 – 17, 2007 in accordance with Article XV on Multilateral Surveillance Mission to WAMZ member countries. During the mission, WAMI staff assessed Nigeria's performance under the quantitative and qualitative criteria as outlined in the Banjul Declaration of 2005. The Mission held discussions with public officers, the organized private sector, as well as International development partners. The following were the major findings of the mission:

- The Mission commended the Nigerian authorities for sustaining the momentum of implementing the home grown economic reform programme, National Economic Empowerment and Development Strategy (NEEDS) and for the new initiatives such as the African Finance Corporation and the Financial Sector Strategy (FSS) 2020 framework.
- The Mission observed that Nigeria's macroeconomic policies have been consistent with the objectives of economic policy under the NEEDS of achieving macroeconomic stability and fostering high pro-poor growth. The Mission also noted that macroeconomic performance was supported and complemented by the judicious implementation of the structural reforms and the strict implementation of the oil price based fiscal rule. This enhanced the credibility of policy and should be sustained.
- The Mission noted that Nigeria met all the four primary convergence criteria in June 2007, thereby sustaining the performance in the corresponding period of 2006. The country also improved on its secondary criteria, meeting five compared to four in June 2006. The Secondary Criteria on the tax revenue to GDP criterion was however not met.
- In conclusion, the Mission noted that Nigeria is likely to sustain its performance on the primary convergence scale meeting all the four criteria. With the various reforms to boost non-tax revenue and the downward trend in inflation, Nigeria's prospect of meeting all the secondary criteria by the end of the programme remained bright.

Table 1

(=N=Million)

		SEPTEMBER	JUNE	MARCH	DECEMBER	SEPTEMBER	JUNE	MARCH	CHANGE BETWEEN		CHANGE BETWEEN		CHANGE BETWEEN		CHANGE BETWEEN	
		2007	2007	2007	2006	2006	2006	2006	(1&2)		(2&3)		(5&6)		(1&4)	
		1	2	3	4	5	6	7	ABSOLUTE	PER CENT	ABSOLUTE	PER CENT	ABSOLUTE	PER CENT	ABSOLUTE	PER CENT
1	Domestic Credit	1,404,778.9	330,867.6	273,599.4	753,808.2	2,435,622.2	2,698,306.1	2,392,315.6	1,073,911.3	324.6	57,268.2	20.9	(262,683.9)	(9.7)	650,970.7	86.4
(a)	Claims on Federal Government (Net)	(2,752,580.9)	(3,116,959.7)	(2,730,183.2)	(1,812,021.8)	(136,056.0)	394,605.6	445,359.0	364,378.8	11.7	(386,776.5)	(14.2)	(530,661.6)	(134.5)	(940,559.1)	(51.9)
	By Central Bank (Net)	(3,818,351.5)	(3,596,910.4)	(3,312,619.4)	(2,796,026.9)	(1,106,115.7)	(638,498.2)	(213,946.7)	(221,441.1)	(6.2)	(284,291.0)	(8.6)	(467,617.5)	(73.2)	(1,022,324.6)	(36.6)
	By Banks (Net)	1,065,770.6	479,950.7	582,436.2	984,005.1	970,059.7	1,033,103.8	659,305.7	585,819.9	122.1	(102,485.5)	(17.6)	(63,044.1)	(6.1)	81,765.5	8.3
									-	-	-	-	-	-	-	-
(b)	Claims on Private Sector	4,157,359.8	3,447,827.3	3,003,782.6	2,565,830.0	2,571,678.2	2,303,700.5	1,946,956.6	709,532.5	20.6	444,044.7	14.8	267,977.7	11.6	1,591,529.8	62.0
	By Central Bank	39,218.9	58,781.8	39,329.0	41,532.1	73,957.1	69,959.1	19,317.9	(19,562.9)	(33.3)	19,452.8	49.5	3,998.0	5.7	(2,313.2)	(5.6)
	By Banks	4,118,140.9	3,389,045.5	2,964,453.6	2,524,297.9	2,497,721.1	2,233,741.4	1,927,638.7	729,095.4	21.5	424,591.9	14.3	263,979.7	11.8	1,593,843.0	63.1
									-	-	-	-	-	-	-	-
(i)	Claims on State and Local Governments	71,779.0	35,783.3	58,991.3	62,196.1	61,007.6	31,649.5	38,282.9	35,995.7	100.6	(23,208.0)	(39.3)	29,358.1	92.8	9,582.9	15.4
	By Central Bank	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	By Banks	71,779.0	35,783.3	58,991.3	62,196.1	61,007.6	31,649.5	38,282.9	35,995.7	100.6	(23,208.0)	(39.3)	29,358.1	92.8	9,582.9	15.4
									-	-	-	-	-	-	-	-
(ii)	Claims on Non-Financial Public Enterprises	-	-	13,249.4	13,249.4	6,472.5	4,045.8	5,349.5	-	-	(13,249.4)	(100.0)	2,426.7	60.0	(13,249.4)	(100.0)
	By Central Bank	-	-	13,249.4	13,249.4	6,472.5	4,045.8	5,349.5	-	-	(13,249.4)	(100.0)	2,426.7	60.0	(13,249.4)	(100.0)
	By Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(iii)	Claims on Other Private Sector	4,085,580.8	3,412,044.0	2,931,541.9	2,490,384.5	2,504,198.1	2,268,005.2	1,903,324.2	673,536.8	19.7	480,502.1	16.4	236,192.9	10.4	1,595,196.3	64.1
	By Central Bank	39,218.9	58,781.8	26,079.6	28,282.7	67,484.6	65,913.3	13,968.4	(19,562.9)	(33.3)	32,702.2	125.4	1,571.3	2.4	10,936.2	38.7
	By Banks	4,046,361.9	3,353,262.2	2,905,462.3	2,462,101.8	2,436,713.5	2,202,091.9	1,889,355.8	693,099.7	20.7	447,799.9	15.4	234,621.6	10.7	1,584,260.1	64.3
									-	-	-	-	-	-	-	-
2	Foreign Assets (Net)	6,956,794.6	7,661,235.4	7,026,114.5	6,219,007.7	5,575,704.1	5,568,811.6	5,108,961.7	(704,440.8)	(9.2)	635,120.9	9.0	6,892.5	0.1	737,786.9	11.9
	By Central Bank	6,249,910.0	6,802,621.5	6,398,558.9	5,617,317.6	4,902,359.6	4,925,792.3	4,572,895.6	(552,711.5)	(8.1)	404,062.6	6.3	(23,432.7)	(0.5)	632,592.4	11.3
	By Banks	706,884.6	858,613.9	627,555.6	601,690.1	673,344.5	643,019.3	536,066.1	(151,729.3)	(17.7)	231,058.3	36.8	30,325.2	4.7	105,194.5	17.5
									-	-	-	-	-	-	-	-
3	Other Assets (Net)	(3,903,053.5)	(3,912,288.4)	(3,301,617.7)	(3,298,174.0)	(4,162,395.7)	(4,533,396.4)	(4,498,145.4)	9,234.9	0.2	(610,670.7)	(18.5)	371,000.7	8.2	(604,879.5)	(18.3)
									-	-	-	-	-	-	-	-
	<b>Total Monetary Assets (M<sub>2</sub>)</b>	<b>4,458,520.0</b>	<b>4,079,814.5</b>	<b>3,998,096.2</b>	<b>3,674,641.9</b>	<b>3,848,930.7</b>	<b>3,733,721.3</b>	<b>3,003,131.9</b>	<b>378,705.5</b>	<b>9.3</b>	<b>81,718.3</b>	<b>2.0</b>	<b>115,209.4</b>	<b>3.1</b>	<b>783,878.1</b>	<b>21.3</b>
									-	-	-	-	-	-	-	-
	Quasi - Money 1/	2,169,776.8	2,132,134.3	1,969,714.6	1,739,636.9	1,743,570.0	1,654,890.2	1,278,600.9	37,642.5	1.8	162,419.7	8.2	88,679.8	5.4	430,139.9	24.7
									-	-	-	-	-	-	-	-
	Money Supply (M <sub>1</sub> )	2,288,743.2	1,947,680.3	2,028,381.5	1,935,005.0	2,105,360.7	2,078,831.2	1,724,531.0	341,062.9	17.5	(80,701.2)	(4.0)	26,529.5	1.3	353,738.2	18.3
	Currency Outside Banks	539,502.5	525,292.2	603,519.3	690,841.5	524,351.9	514,609.1	479,967.2	14,210.3	2.7	(78,227.1)	(13.0)	9,742.8	1.9	(151,339.0)	(21.9)
	Demand Deposits 2/	1,749,240.7	1,422,388.1	1,424,862.2	1,244,163.5	1,581,008.8	1,564,222.1	1,244,563.8	326,852.6	23.0	(2,474.1)	(0.2)	16,786.7	1.1	505,077.2	40.6
									-	-	-	-	-	-	-	-
	<b>Total Monetary Liabilities</b>	<b>4,458,520.0</b>	<b>4,079,814.5</b>	<b>3,998,096.2</b>	<b>3,674,641.9</b>	<b>3,848,930.7</b>	<b>3,733,721.3</b>	<b>3,003,131.9</b>	<b>378,705.5</b>	<b>9.3</b>	<b>81,718.3</b>	<b>2.0</b>	<b>115,209.4</b>	<b>3.1</b>	<b>783,878.1</b>	<b>21.3</b>

## Notes:

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

2/ Demand Deposits consists of State, Local Government and Parastatals Deposits at the CBN; State, Local Government and Private Sector Deposits as well as Demand Deposits of Non-Financial Public Enterprises at Deposit Money Banks.

**Appendix 1: Selected Macroeconomic Indicators (GDP, Money & Credit, Money Market & Capital Market Indicators)**

	3 <sup>rd</sup> Qtr 05	4 <sup>th</sup> Qtr 05	1 <sup>st</sup> Qtr 06	2 <sup>nd</sup> Qtr 06	3 <sup>rd</sup> Qtr 06	4 <sup>th</sup> Qtr 06	1 <sup>st</sup> Qtr 07	2 <sup>nd</sup> Qtr 07	3 <sup>rd</sup> Qtr 07
<b>GROSS DOMESTIC PRODUCT (at 1990 Constant Basic Prices)</b>									
Growth Rate (%)	7.9	7.6	5.0	5.5	5.7	6.1	5.65	5.73	6.05
Oil share of GDP (%)	23.1	22.4	25.6	21.9	20.8	20.2	23.4	18.4	18.1
Non-Oil share of GDP (%)	76.9	77.6	74.4	78.1	79.2	79.6	76.6	81.6	81.9
<b>GROSS DOMESTIC PRODUCT (at Current Basic Prices)</b>									
Growth Rate (%)	28.6	26.8	22.7	23.3	25.3	24.3	35.1	20.1	24.9
Oil share of GDP (%)	35.6	36.1	46.1	39.0	35.0	35.8	39.5	33.5	30.2
Non-Oil share of GDP (%)	64.4	63.9	53.9	61.0	65.0	64.2	60.5	66.5	69.8
<b>MONEY &amp; CREDIT</b>									
Narrow Money (M <sub>1</sub> ) (%) <sup>1</sup>	7.1	10.8	-0.1	20.5	1.3	-8.1	4.8	-4.0	17.5
Broad Money (M <sub>2</sub> ) (%) <sup>1</sup>	3.2	10.6	6.7	24.3	3.1	-4.5	8.8	2.0	9.3
Narrow Money ((M <sub>1</sub> ) (%) <sup>2</sup>	17.0	29.7	-0.1	20.5	22.0	12.2	4.8	0.6	18.3
Broad Money (M <sub>2</sub> ) (%) <sup>2</sup>	21.7	34.6	6.7	32.6	36.7	30.6	8.8	11.0	21.3
Aggregate Credit (Net) (%) <sup>1</sup>	18.6	-10.7	3.4	12.8	9.7	-69.1	-63.7	20.9	324.6
Aggregate Credit (Net) (=N= 'b) <sup>1</sup>	406.8	-275.9	78.9	306.0	-262.7	-1681.8	-480.2	330.9	1,404.8
Credit to Government (Net) (%) <sup>1</sup>	76.5	-49.3	45.5	-11.4	-134.5	-1231.8	-50.7	-14.2	11.7
Credit to Government (Net) (=N= 'b) <sup>1</sup>	261.3	-297.0	139.3	-50.8	-530.7	-1,676.0	-918.2	-3,117.0	-2,752.6
By CBN	282.1	-201.9	-8.2	-424.6	-467.6	-1,689.9	-516.6	-3,596.9	-3,818.4
By DMB	-20.7	-95.2	147.5	-373.8	-63.0	14.0	-401.6	480.0	1,065.8
Federal Government Deposits (=N= 'b)	415.0	394.1	385.9	770.6	1,136.3	3,448.5	4,182.1	4,718.4	4,963.7
Credit to Private Sector (%) <sup>1</sup>	7.9	30.8	-3.01	18.3	11.6	0.2	17.1	14.8	20.6
Credit to Private Sector (=N= 'b) <sup>1</sup>	145.4	21.1	-60.4	356.7	268.0	-5.9	438.0	3,447.8	4,157.4
Private Sector Deposit (=N= 'b)	25.3	215.5	206.7	266.0	212.8	131.8	46.7	15.8	11.6
Aggregate Credit (%) <sup>2</sup>	28.2	14.5	3.41	16.6	5.3	-67.4	-63.7	340.4	86.3
Credit to Government (%) <sup>2</sup>	24.2	-37.0	45.5	28.9	-144.5	-692.1	-50.7	50.4	-51.9
Credit to Private Sector (%) <sup>2</sup>	29.4	30.8	-3.0	14.8	28.1	27.8	17.1	14.8	62.0
Base Money (=N= 'b)	808.6	762.8	728.9	797.6	805.7	974.9	841.3	858.3	898.3
(Growth Rate, %) <sup>1</sup>									
Currency in Circulation (=N='b)	513.4	642.4	563.7	602.8	615.1	779.3	727.4	715.0	722.3
Bank Reserves (=N='b)	295.2	120.4	165.2	194.8	190.6	195.7	113.8	143.3	176.0
Money Supply (=N='b)	2,545.3	2,814.8	3,003.1	3,733.7	3,848.9	3,674.6	3,998.1	4,079.8	4,458.5
<b>NTB SALES (=N='b)</b>									
NTB Sales at Primary Market	581.60	425.3	461.4	339.6	309.3	332.2	338.1	359.9	327.1
NTB Sales at OMO	54.90	43.8	349.0	520.5	560.5	344.4	307.2	743.6	847.7

<b>INTEREST RATES (%)</b>									
Inter-bank Call Rate (Weighted Average)	4.67	10.53	13.47	3.62	5.72	6.69	7.28	8.00	8.13
Minimum Rediscount Rate/Monetary Policy Rate	13.0	13.0	13.0	14.0	14.0	10.0*	10.0	8.0	8.0
Treasury Bill Rate									
Savings Deposit Rate	3.61	3.33	3.48	2.96	2.94	3.14	3.62	3.81	3.51
Deposit Rates (Consolidated)	7.22	6.41	5.42	7.00	6.95	7.41	7.59	7.75	7.67
Average Term Deposit Rate	8.56	7.64	8.09	8.25	8.14	8.67	8.88	9.04	9.05
7 Days	4.58	4.46	4.41	4.88	4.36	5.11	5.40	5.59	5.83
1 Month	9.05	8.62	8.79	9.41	9.21	10.02	10.25	10.38	10.50
3 Months	9.44	8.88	9.23	9.77	9.79	10.25	10.28	10.37	10.45
6 Months	9.62	8.64	8.70	9.12	9.31	10.02	9.84	9.96	9.67
12 Months	10.10	8.65	8.72	8.74	8.01	7.89	8.42	8.11	7.46
Over 12 Months	8.55	6.60	5.47	7.58	8.14	8.73	8.78	9.85	9.69
Prime Lending Rate	17.64	17.63	16.52	16.77	17.15	17.26	17.48	17.30	14.48
Maximum Lending Rate	19.09	19.29	18.09	18.33	18.61	18.70	18.75	18.16	15.63
Average Lending Rate									
Real Interest Rate (Max. Lending Rate)	-5.21	7.69	6.09	9.83	12.31	10.2	13.55	12.34	11.53
Real Interest rate (Ave. Deposit Rate)	15.74	-3.96	-3.91	-0.25	1.84	0.17	3.68	1.31	3.57
<b>CAPITAL MARKET</b>									
All Share Value Index	24,635.9	24,085.8	23,383.4	26,161.2	32,554.6	33,189.3	43,456.0	51,330.46	50,229.01
Market Capitalization (=N='t)	2.6	2.9	3.0	3.3	5.0	5.1	7.1	8.9	9.2
Value of Shares Traded (=N='b)	81.2	75.7	59.6	82.2	163.9	148.9	335.6	330.5	231.3
Volume of Shares Traded ('b)	8.4	8.3	5.3	7.1	11.9	12.5	26.2	37.8	35.9
<b>1 Percentage change over preceding Quarter</b> <b>2 Percentage change over preceding December</b> * Commencement of MPR									

Appendix 2: Selected Macroeconomic Indicators (Fiscal, External & Real Sectors Indicators)

	3 <sup>rd</sup> Qtr 05	4 <sup>th</sup> Qtr 05	1 <sup>st</sup> Qtr 06	2 <sup>nd</sup> Qtr 06	3 <sup>rd</sup> Qtr 06	4 <sup>th</sup> Qtr 06	1 <sup>st</sup> Qtr 07	2 <sup>nd</sup> Qtr 07	3 <sup>rd</sup> Qtr 07
<b>FISCAL OPERATIONS OF THE FEDERAL GOVT</b>									
Federally Collected Revenue (=N='b)	1,410.2	1,783.0	1,705.5	1,284.7	1,487.6	1483.1	1224.7	1,120.2	1,479.4
Oil Revenue	1,219.3	1,468.0	1,551.1	1,144.2	1,311.8	1,280.5	1,018.6	926.8	1,165.6
Non-Oil Revenue	191.0	315.0	154.4	140.5	175.7	202.6	206.0	193.4	281.0
Retained Revenue (=N='b)	413.4	533.7	374.5	395.1	492.7	564.1	473.1	670.5	566.6
Total Expenditure (=N='b)	396.1	697.5	333.8	309.3	498.1	685.8	485.1	585.5	515.7
Recurrent	359.0	329.1	327.1	267.0	354.2	339.5	307.1	251.5	414.7
Capital Expenditure	37.1	356.7	2.6	42.3	128.1	309.2	152.5	308.5	75.7
Transfers	29.4	11.7	4.1	38.4	15.9	37.1	25.6	25.6	25.3
Surplus/Deficit (=N='b)	17.3	-163.8	40.7	85.9	-5.5	-121.7	-12.1	85.1	51.0
Ways and Means Advances (=N='b)	-	-	-	-	-	-	-	-	-
Statutory Limit (% of Budgeted Revenue)	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5
<b>FOREIGN EXCHANGE FLOWS Through the CBN (US\$m)</b>									
Inflow	8,542.77	9,870.67	9,655.16	8,717.74	9,626.35	8,727.91	8,146.21	6,406.19	10,050.73
Outflow	4,946.17	10,003.00	2,255.44	8,800.95	5,069.32	8,195.86	7,017.01	6,226.87	5,442.38
(Debt Service)	222.69	6,606.50	161.65	4,733.48	209.16	1,727.72	676.71	109.17	129.43
Net Flow	3,596.6	-132.35	7,399.72	-83.21	4,557.03	532.05	1,129.2	179.32	4,608.35
<b>FOREIGN EXCHANGE MARKET</b>									
Forex Sales at WDAS (US\$m)	3,655.76	2,040.35	709.47	2,419.2	2,724.62	3,412.38	2,657.85	2,306.06	2,107.64
Forex Demand at WDAS (US\$m)	3,865.77	2,145.74	900.13	2,878.19	2,991.86	4,537.24	3,094.05	3,493.66	2,719.61
Supply of Forex to BDC (US\$m)	0.00	0.00	0.00	508.84	1,018.92	1,202.24	1,384.1	1,185.60	1,930.6
Total Forex Supply (US\$m)	3,655.76	2,040.35	709.47	2,928.045	3,743.54	5,224.62	4,051.92	4,679.26	4,038.28
Average WDAS Exchange Rate (=N=/\$)	131.48	129.31	129.36	128.45	128.31	128.28	128.23	127.65	126.63
Average BDC Exchange Rate (=N=/\$)	144.80	143.06	145.97	142.33	130.24	129.99	129.80	128.83	127.15
BDC Premium	10.13	10.63	12.84	10.80	1.50	1.33	1.22	0.9	0.4
Depreciation									
<b>BALANCE OF PAYMENTS (=N='b)</b>									
Current Account (=N='b)	922.03	632.41	731.36	1,089.50	1,090.58	929.71	876.06	1,217.07	1,571.41
Goods	1,022.04	1,028.02	429.10	948.15	754.63	736.39	486.44	741.87	854.42
Export	1,580.00	1,504.96	1,068.219	1,560.51	1,531.80	1,460.38	1,320.18	1,505.46	1,646.70
Import	-557.96	-476.94	-639.12	-612.35	-777.17	-723.99	-833.75	-763.59	-792.29

Services (net)	-86.32	-96.56	-1.42	-65.03	-47.47	79.54	-6.27	-3.50	-43.06
Income (net)	-112.07	-406.49	-42.87	-52.97	-26.22	69.26	7.13	-20.53	-16.23
Current Transfers (net)	98.38	107.44	346.55	259.35	262.24	342.12	388.76	499.23	657.70
Capital and Financial Accounts	-520.32	1,438.23	292.98	-1,050.67	-604.58	-668.18	-762.67	-1,231.15	-897.94
Capital Account (net)	1.98	1.94	1.10	2.23	2.60	1.92	1.60	1.96	2.58
Financial Accounts (net)	-522.31	1,440.17	291.88	1,052.90	-607.19	-670.10	-764.27	-1,233.11	-900.52
Direct Investment	94.61	90.39	125.24	85.03	71.06	136.09	147.50	161.14	365.22
Net Errors and Omissions	-3.70	-3.62	-3.23	-4.45	-2.54	-1.92	-3.58	-3.80	-2.52
Overall Balance	398.00	-809.45	1,021.11	34.38	483.43	259.61	109.82	6.50	670.95
<b>EXTERNAL RESERVES (US\$b)</b>	<b>28.64</b>	<b>28.28</b>	<b>36.20</b>	<b>36.48</b>	<b>40.46</b>	<b>42.30</b>	<b>42.60</b>	<b>42.63</b>	<b>47.97</b>
<b>CRUDE OIL PRODUCTION (MBD)</b>									
Total World Supply	85.1	84.4	85.2	84.5	84.9	85.2	85.4	85.5	86.0
OPEC	34.5	34.3	34.5	33.6	34.2	34.0	33.7	35.1	36.3
Non-OPEC	50.6	50.1	50.7	50.8	50.6	51.3	50.6	50.3	49.5
<b>CRUDE OIL PRICES (US\$/Barrel)</b>									
Bonny Light	62.0	58.6	62.5	70.5	71.5	61.6	59.9	71.2	79.6
OPEC Basket	55.5	52.3	58.0	64.9	66.2	56.1	54.6	64.3	73.1
<b>DOMESTIC PRICES</b>									
12 MMA Inflation Rate (%)	16.8	17.9	17.4	15.5	10	8.2	7.2	5.9	5.9
Y/Y Inflation Rate (%)	24.3	11.6	12.0	8.5	6.3	8.5	5.2	6.4	4.1
Core Inflation:12 MMA (%) <sup>2</sup>	8.3	8.8	11.1	11.0	11.2	12.8	13.4	11.1	10.6
Core Inflation: Y/Y (%) <sup>2</sup>	14.6	2.4	16.3	13.6	10.6	17.3	8.9	9.6	10.5
Food Inflation:12 MMA (%) <sup>3</sup>	21.8	23.1	20.7	18.0	9.0	5.6	3.3	2.0	2.1
Food Inflation: Y/Y (%) <sup>3</sup>	29.5	15.5	9.3	6.2	4.3	3.9	1.7	3.2	-0.8
<b>INDUSTRIAL PRODUCTION</b>									
Index of Industrial Production	158.8	158.9	158.6	158.1	157.2	158.2	123.4	123.2	126.1
Index of Manufacturing Production	145.8	145.9	146.0	145.8	145.6	146.0	89.8	89.5	90.1
Index of Mining Production	164.9	164.8	164.0	164.0	163.8	163.8	164.0	132.4	132.5
Average Electricity Generation (MW/h)	2,912.7	3,074.6	3,016.2	2,744.7	2,520.1	2,271.5	2,950.0	2,794.1	3,125.0
Average Electricity Consumption (MW/h)	1,845.4	1,832.0	1,796.6	1,760.9	1,725.1	1,689.1	1,796.6	1,617.0	1,781.3
<i>1 Provisional</i>									
<i>2 Core Inflation based on consumer price index (CPI) of All Items less Farm Produce</i>									
<i>3 Inflation based on consumer price index (CPI) of food</i>									