

CENTRAL BANK OF NIGERIA

MONTHLY REPORT

DECEMBER 2004

RESEARCH DEPARTMENT

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The Central Bank of Nigeria Monthly 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, 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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ECONOMIC REPORT FOR THE MONTH OF DECEMBER 2004

1.0 SUMMARY

Provisional data revealed further increase in monetary aggregates in December 2004. Broad money stock (M_2) and narrow money supply (M_1) rose by 0.8 and 1.0 per cent, respectively, in December, 2004 over the levels in the preceding month. The development was attributable to the 10.0 per cent rise in aggregate bank credit to the domestic economy during the review month. In the twelve months of the year, M_1 and M_2 rose by 9.1 and 15.2 per cent, respectively, compared with the target of 13.4 and 16.0 for 2004.

Banks' deposit and lending rates rose during the month. The spread between the weighted average deposit and maximum lending rates widened to 10.63 percentage points from 10.60 percentage points in the preceding month. The margin between the average savings deposit and maximum lending rates, however, narrowed to 16.07 percentage points from 16.08 percentage points in the preceding month. The weighted average inter-bank call rate fell from 12.7 per cent in November, to 12.1 per cent in December 2004, reflecting the relative stability in the inter-bank funds market.

The value of money market assets outstanding fell by 0.1 per cent to ₦973.8 in December, 2004, compared with the decline of 0.5 per cent in the preceding month. Treasury bills worth ₦275.1 billion were issued during the month to replace matured bills of equivalent value, same as in the preceding month. Transactions on the Nigerian Stock Exchange (NSE) in the month of December, 2004 indicated mixed development as some of the major market indicators trended upward, while others trended downward.

The major agricultural activities in the month of December, 2004 were harvesting and processing of grains, preparation of land and planting of dry season crops as well as intensified production of poultry products for the festive seasons. The prices of Nigeria's major agricultural commodities at the London Commodity Market, on the average, fell during the month. The all-commodities price index, at 88.1 (1985=100), in dollar terms, declined by 4.6 per cent from its level in the preceding month. The inflation rate for the twelve-month period ended December, 2004 was estimated at 15.0 per cent, compared with 16.1 per cent recorded in the preceding month.

Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at 2.23 million barrels per day (mbd) or 69.13 million barrels for the month, compared with 2.33 mbd produced in December, 2004. Crude oil export was estimated at 1.78 mbd for the month, compared with 1.88 mbd in November 2004. Deliveries of crude oil to refineries for domestic consumption were estimated at 0.45 mbd or 13.95 million barrels for the month. In the spot market, the average price of Nigeria's reference crude, the Bonny Light (37° API), was US\$40.72 a barrel during the month, indicating a decline of US\$9.57 a barrel or 19.0 per cent from the level in the preceding month.

Available data on foreign exchange flows through the Central Bank of Nigeria (CBN), showed an inflow of US\$2,859.8 million and an outflow of US\$1,490.6 million, resulting in a net inflow of US\$1,369.14 million during the month. Foreign exchange sales to authorized dealers by CBN amounted to US\$668.93 million, compared with US\$686.02 million in November, 2004. The weighted average exchange rate of the Naira vis-à-vis the US dollar, appreciated from the

preceding month's level of ₦132.92 per dollar to ₦132.56. In the bureaux de change segment of the market, the rate also appreciated from ₦140.69 per dollar in November 2004 to ₦138.71 per dollar in December 2004. Nigeria's gross external reserves rose by 3.5 per cent to US\$16.35 billion at end-December, 2004.

On the international scene, world crude oil output, estimated at 83.55 million barrels per day (mbd), in December 2004, rose marginally by 0.58 mbd or 0.7 per cent over the preceding month's level of 82.97 mbd, while the estimated demand at 83.40 mbd for the month, rose slightly by 0.08 mbd or 0.1 per cent over its preceding month's level. On the whole, total world crude oil supply exceeded demand by 0.15 mbd, reflecting the increased crude oil production from OPEC and non-OPEC countries to meet high demand for crude oil.

Another major international economic development of relevance to the domestic economy during the month was the 13th meeting of the Committee of Governors of Central Bank of the West African Monetary Zone (WAMZ) held in Abuja, Nigeria on December, 2004. The meeting was convened to consider the Report of the 19th meeting of the Technical Committee in the Zone. The Committee of Governors among others noted that government services should as much as practicable be provided on full cost recovery basis through minimization of subsidies and provision of adequate motivation for the private sector to serve as the engine of economic growth. The Committee however, decried the lack of adequate political will in the full implementation of the protocol on the ECOWAS Community Levy so as to make operational, the compensation scheme for loss of revenue. Finally, the committee agreed that the budgetary implications

of the monetary union and the financing source should be clearly articulated so that member countries know the burden they would have to bear.

Meanwhile, the European Union (EU) has approved the sum of 500 million euro for water and sanitation projects in the ACP countries including Nigeria. In related development, thirty-six (36) African countries including Nigeria became eligible for economic and trade benefits under the US African Growth and Opportunity Act (AGOA).

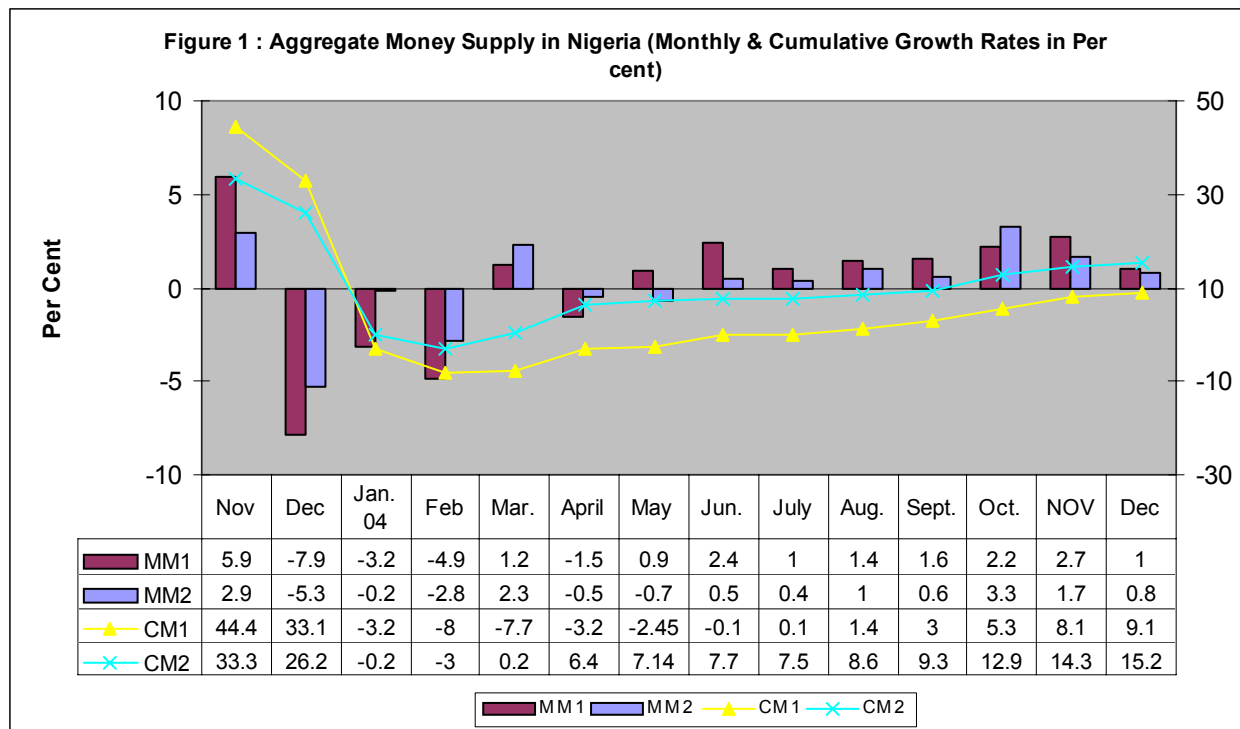
Developments

2.0 FINANCIAL SECTOR DEVELOPMENTS

Money supply increased further in December 2004, while banks' deposit and lending rates rose during the month. The value of money market assets fell during the month following the decline in the value of Bankers Acceptances (BAs) and Commercial Papers (CPs). Transactions on the Nigerian Stock Exchange (NSE) were mixed during the month.

2.1 Monetary and Credit

Available data indicated an increase in monetary aggregates in December 2004. Broad money supply (M_2) and narrow money supply (M_1) increased by ₦18.4 billion or 0.8 per cent and ₦13.0 billion or 1.0 per cent, to ₦2,287.5 billion and ₦1,337.7 billion, respectively, in the month. The development was attributed to the increase in aggregate bank credit to the domestic economy. Over the end-December 2003 period, M_2 rose by 15.2 per cent, while, M_1 rose by 9.1 per cent, and thus were within the set targets of 16.0 and 13.4 per cent, respectively for fiscal 2004 (Fig. 1 and table 1).



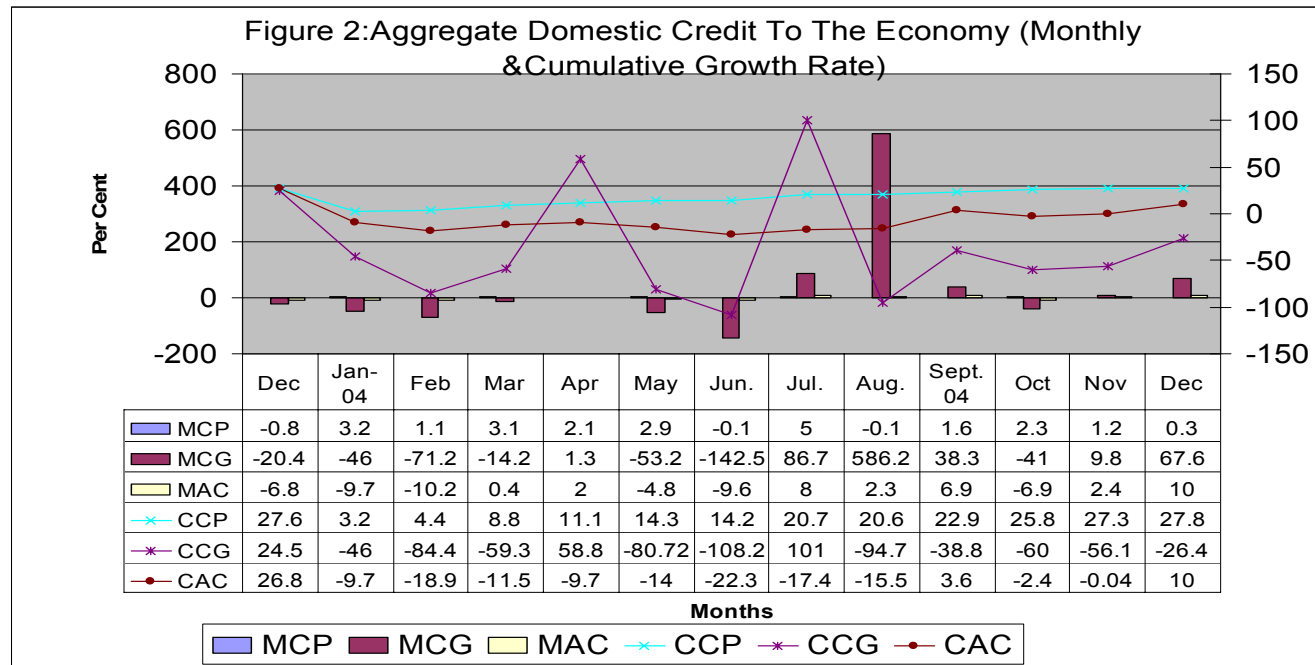
Aggregate banking system's credit to the domestic economy increased by ₦181.1 billion or 10.0 per cent to ₦1,984.3 billion, compared with the increase of ₦42.1 billion or 2.4 per cent in the preceding month. The development during the month reflected largely, the increase in net claims on Federal Government during the period. Over the level at December 2003, aggregate bank credit (net) to the domestic economy rose by 10.0 per cent, as against the target growth of 22.4 per cent for 2004.

Banking system's credit (net) to the Federal Government increased by ₦175.8 billion or 67.6 per cent, compared with the increase of 9.8

per cent in the preceding month. The development was attributable to the Federal Government's draw down on its deposits with the CBN and reinforced by the significant increase in CBN treasury bills holding during the month. Over the level in December 2003, net claims on the Federal Government fell by ₦156.0 billion or 26.4 per cent, as against the growth target of 23.3 per cent for fiscal 2004.

At ₦2,604.6 billion, foreign assets (net) of the banking system declined by ₦17.3 billion or 0.7 per cent, compared with the increase of ₦258.9 billion or 11.0 per cent in November, 2004. The fall was traced to the decline in CBN's holding during the month.

Quasi-money rose by ₦5.3 billion or 0.6 per cent to ₦949.8



Banking System's credit to the private sector rose by ₦5.3 billion or 0.3 per cent to ₦1,548.4 billion, compared with the increase of ₦18.9 billion or 1.2 per cent in the preceding month. The increase reflected the rise in claims by the deposit money banks (DMBs) during the month. It also grew by 27.8 per cent during the year, compared with the target of 22.0 per cent for 2004. (fig. 2).

billion, as against the increase of ₦3.0 billion or 0.3 per cent in the preceding month.

Other Assets (net) of the banking system fell by ₦145.4 billion or 6.7 per cent, compared with the decline of ₦263.8 billion or 13.9 per cent in the preceding month.

2.2 Currency-in-circulation and Deposits at the CBN

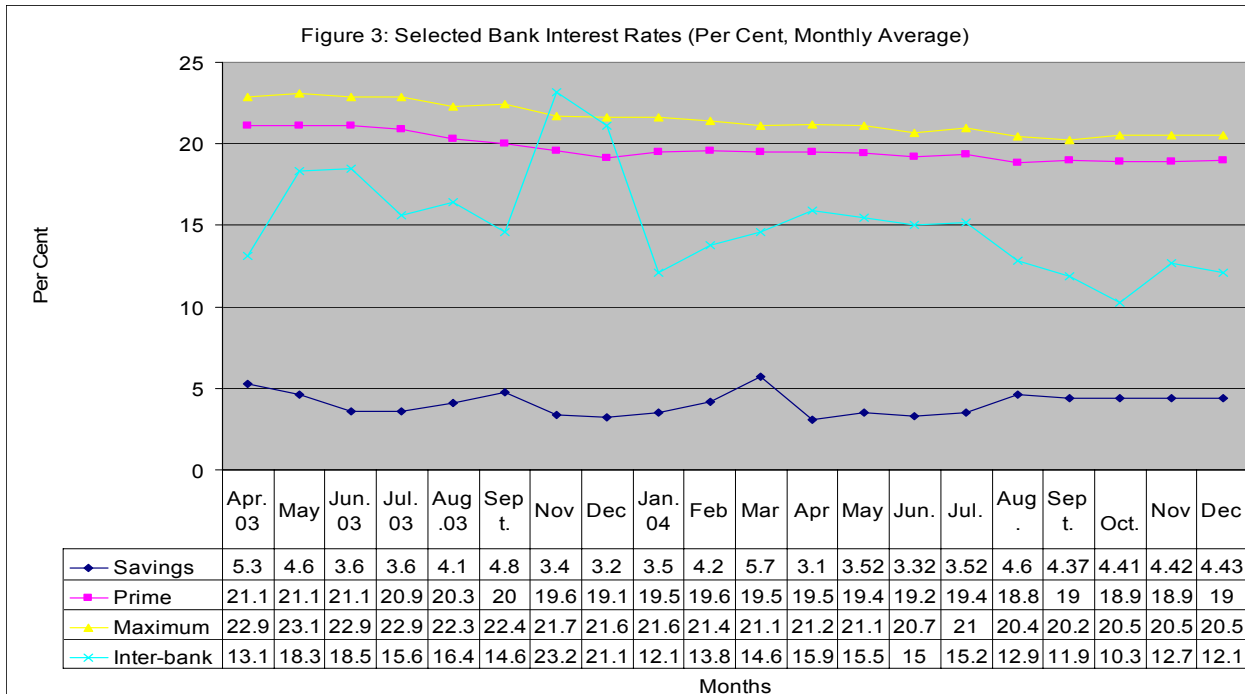
At ₦496.4 billion, currency-in-circulation in December, 2004 increased by ₦2.9 billion or 0.6 per cent over the level recorded in the preceding month. The rise during the month was traceable to both currencies outside the banking system and vault cash, which rose by ₦2.5 billion or 0.6 per cent and ₦0.3 billion or 0.3 per cent, respectively, during the month.

Total deposits with the CBN amounted to ₦896.8 billion, indicating a decline of ₦119 billion or 11.7 per cent from the level in the preceding month. The development during the month was attributed to the substantial decline of ₦123.4 billion or 17.3 per cent in Federal Government deposit as well as the ₦4.1 billion or 2.1 per cent decline in private sector deposit during the month. The shares of the three components in total deposits at the CBN, namely, Federal Government,

bankers and ‘others’ were 65.6, 21.2 and 13.2 per cent, respectively, compared with 70.1, 19.1 and 10.7 per cent, in November, 2004.

2.3 Interest Rate Developments

Provisional data indicated that banks’ deposit and lending rates trended upward in December, 2004. With the exception of the 3 and over 12 months term deposit rates which declined by 0.9 and 0.47 percentage point, respectively, the average savings deposit rate rose by 0.01 percentage point to 4.43 per cent, while all other rates on deposits of various maturities rose from a range of 7.06 -12.91 per cent in November to 7.18 -13.00 per cent in December 2004. Similarly, the weighted average prime lending rate increased marginally by 0.11 percentage point to 19.00 per cent. The maximum lending rate, however, remained at 20.50 per cent as in the preceding month. Consequently, the spread between the weighted average deposit and maximum lending rates widened to 10.63 percentage points from 10.60



percentage points in the preceding month. The margin between the average savings deposit and maximum lending rates which stood at 16.08 percentage points in November, 2004 narrowed marginally to 16.07 percentage points in the review month.

The weighted average inter-bank call rate fell from 12.7 per cent in November, to 12.1 per cent in December 2004, reflecting the relative stability in the inter-bank funds market. (fig. 3).

2.4 Money Market Developments

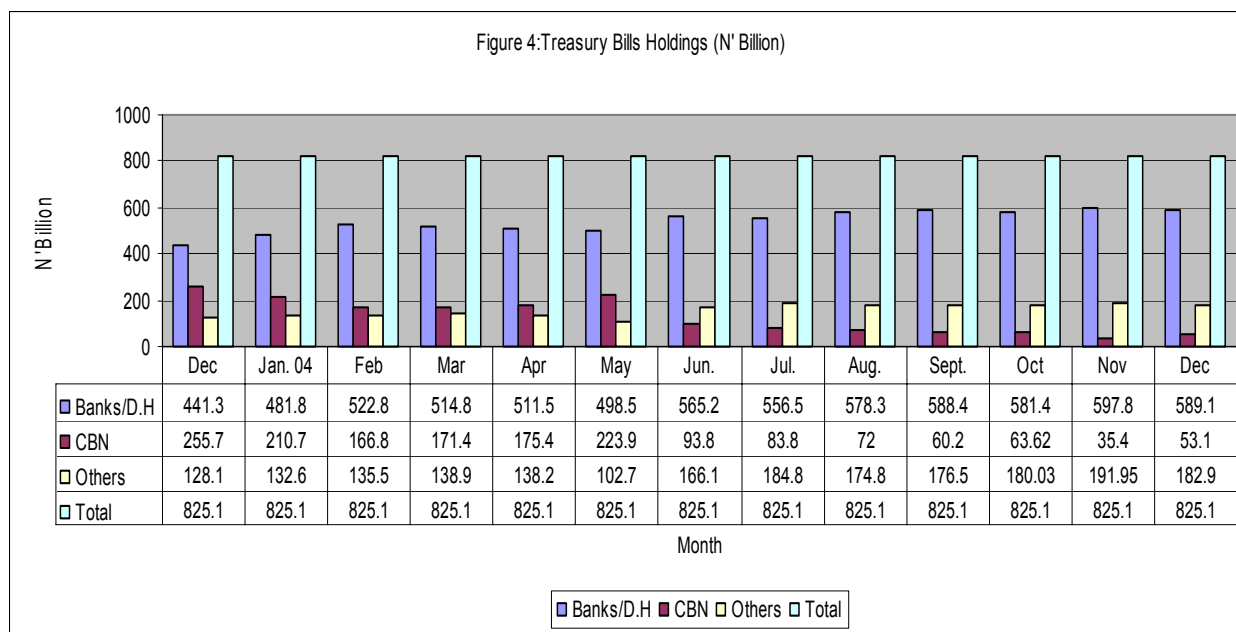
Available data indicated that the level of money market instruments outstanding at end-December 2004 fell by ₦1.1 billion or 0.1 per cent to ₦973.8 billion, compared with the decline of ₦4.69 billion or 0.5per cent in the preceding month. The fall was attributable to the 18.1 and 1.1 per cent decline recorded in Eligible Development Stocks (EDS) and Commercial Papers (CPs), respectively, during the month.

Treasury Bills outstanding, however, remained unchanged at the preceding month's level of ₦825.1 billion.

Treasury bills worth ₦275.1 billion were issued during the month to replace matured bills of equivalent value in December 2004. Of the total amount issued, deposit money banks (DMBs) and discount houses holdings jointly accounted for ₦137.4 billion or 50.0 per cent of the total, while investment by the non-bank public amounted to ₦124.0 billion or 45.1 per cent of the total. Consequently, the balance of ₦13.7 billion, constituting 5.0 per cent of the total issue during the review month was absorbed by the CBN as in the preceding month.

Holdings of treasury bills outstanding by the DMBs' and discount houses declined by 8.7 per cent to ₦589.1 billion, while that of the non-bank public declined by 9.1 per cent to ₦182.9 billion. CBN's holding however, increased by 17.7 per cent to ₦53.1 billion during the review month.

2.5 Capital Market Developments



Available data indicated that activities on the Nigerian Stock Exchange (NSE) were mixed in December 2004. While the volume of traded securities rose by 42.7 per cent to 2.3 billion shares from 1.6 billion shares in the preceding month, the value of traded securities fell by 8.6 per cent to ₦16.3 billion from ₦17.8 billion. Transactions in the industrial loans/preference stocks remained dormant during the period, while the banking sub-sector, as in the preceding months, remained the most active as substantial price gains were recorded in its equities during the month under review.

Market capitalization, however, remained unchanged at the preceding month's level of ₦1.9 trillion, while the value index rose by 2.9 per cent to 27,444.02 (1984=100) from 26,668.45 in the preceding month. The development was due to the cautious efforts by investors towards restructuring their portfolio balances in view of the uncertainties that may surround the coming year.

2.6 Deposit Money Banks' Activities

Provisional data showed that total assets/liabilities of deposit money banks (DMBs) amounted to ₦3,841.4 billion in December, 2004, indicating an increase of ₦17.6 billion or 0.5 per cent above the preceding month's level. Funds were sourced mainly from increase in time, savings and foreign currency deposits, as well as central government deposits and unclassified liabilities. The funds were used largely in the settlement of claims on the private sector and the procurement of unclassified assets.

Aggregate credit to the domestic economy amounted to ₦2,029.4 billion, representing an increase of ₦4.6 billion or 0.2 per cent over the preceding month's level. The development was largely, due to the increase in credit to the private sector by ₦5.1 billion or 0.3 per cent during the month under review.

Central Bank's credit to the DMBs fell by 3.0 per cent to ₦63.4 billion in December 2004, reflecting largely the decline in banks' overdrawn position with the CBN during the period.

Total specified liquid assets of the DMBs stood at ₦974.5 billion, representing 49.3 per cent of the total deposit liabilities. The level of assets was 2.3 per cent below the preceding month's level, but 9.3 percentage points above the stipulated minimum target of 40.0 per cent for fiscal 2004.

2.7 Discount Houses

Total assets/liabilities of the discount houses stood at ₦72.1 billion in December 2004, indicating an increase of ₦0.9 billion or 1.4 per cent over the level in the preceding month. Their investments in the Federal Government securities of less than 91 days maturity amounted to ₦41.1 billion, representing 76.8 per cent of their total deposit liabilities. This was 5.9 and 16.8 percentage points above the level in the preceding month, and the prescribed minimum of 60.0 per cent for fiscal 2004, respectively.

Total borrowings by discount houses was ₦23.2 billion, while their capital and reserves amounted to ₦9.3 billion,

resulting in a gearing ratio of 2.5:1, compared with the stipulated maximum target of 50:1 for the year.

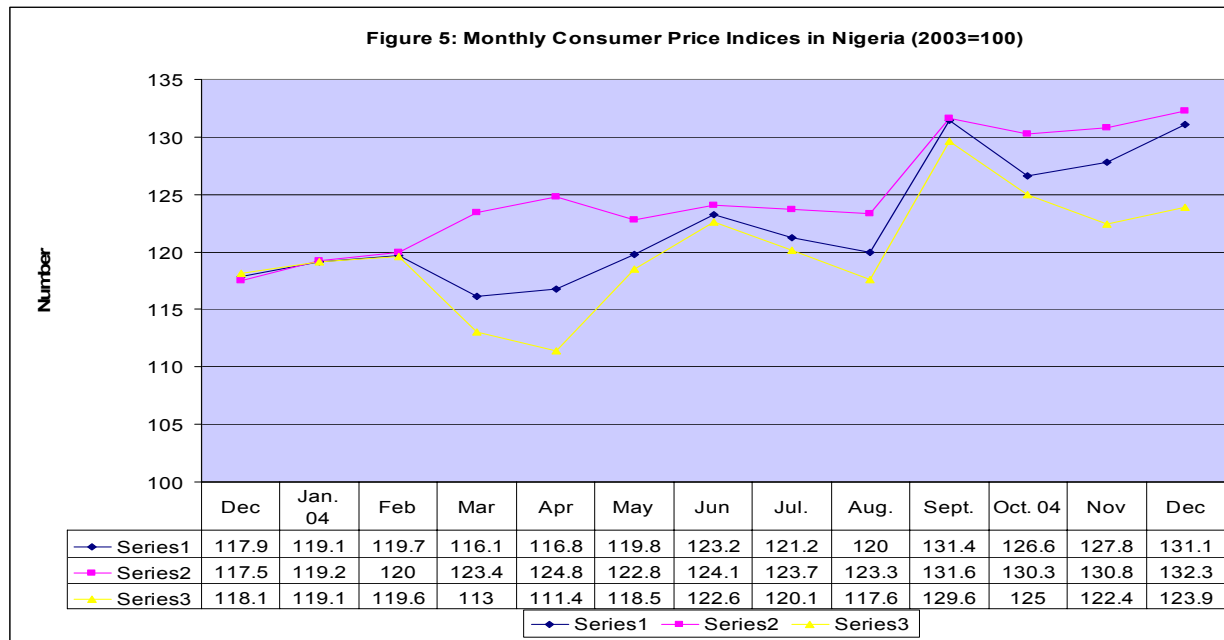
3.0 DOMESTIC ECONOMIC CONDITIONS

The predominant agricultural activities in December 2004 were harvesting and processing of grains, preparation of

while inflation rate at an estimated rate of 15.0 per cent declined by 1.1 percentage points below the preceding month's level.

3.1 Agricultural Sector

The major agricultural activities during the month were the harvesting and processing of grains. Other farming activities included preparation of land and planting of dry season crops. In the livestock sub-sector, poultry farmers all over the country intensified production for the festive seasons.



land and planting of dry season crops as well as intensified production of poultry products for the festive seasons. Crude oil output fell by 4.3 per cent over the preceding month's level,

The prices of Nigeria's major agricultural commodities at the London Commodity Market declined during the month of December 2004. The all-commodities price index, at 88.1

(1985=100), in dollar terms, declined by 4.6 per cent from the level in the preceding month. In naira terms, the all-commodities price index similarly declined by 4.9 per cent from the level in the preceding month.

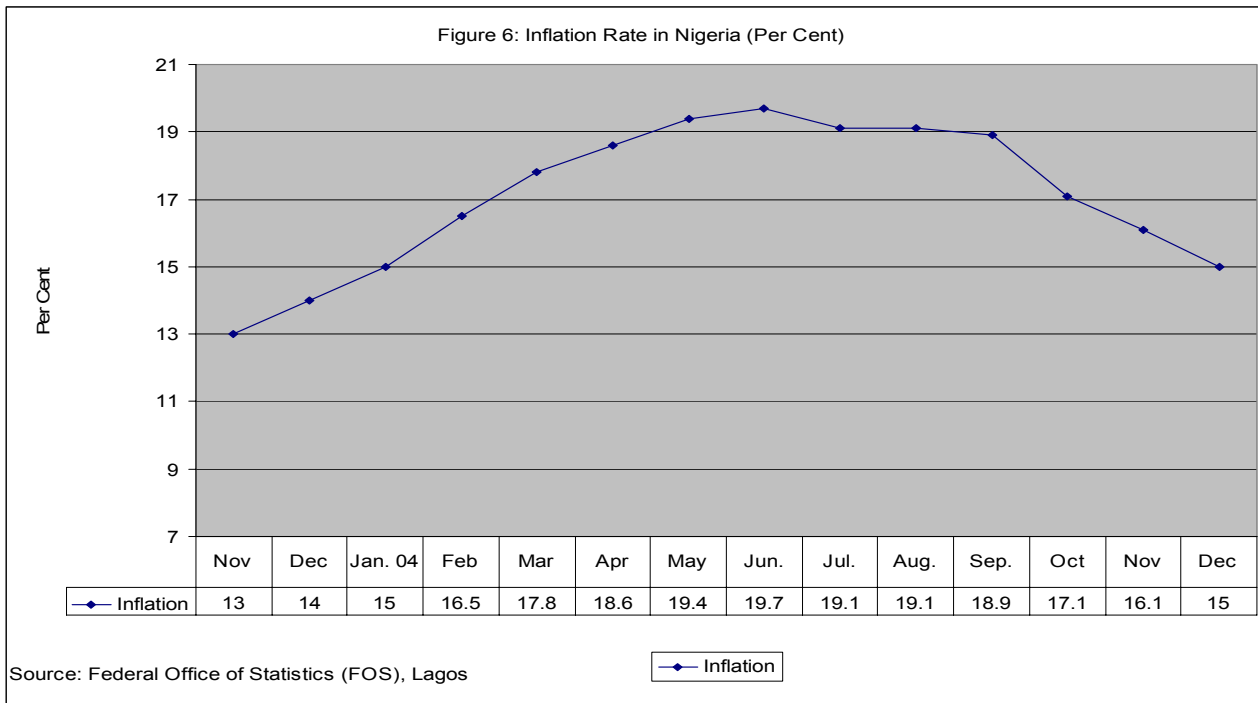
Of the six commodities monitored during the month, coffee and copra recorded price increase of 23.4 per cent and 2.0 per cent, respectively, while cocoa, cotton, palm oil and soya beans recorded price decline of 5.0, 0.2, 3.2 and 1.4 per cent, respectively, in the same period.

In naira terms, coffee and copra recorded price increase

soya bean and palm oil recorded price decline of 5.4, 0.6, 3.6 and 1.7 per cent, respectively.

3.2 Petroleum Sector

Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at 2.23 million barrels per day (mbd) or 69.13 million barrels for the month, compared with 2.33 mbd produced in November, 2004. Crude oil export



of 23.0 and 1.6 per cent over the levels in the preceding month, while the remaining four commodities, namely, cocoa cotton,

was estimated at 1.78 mbd or 55.18 million barrels for the month, compared with 1.88 mbd in November, 2004.

Allocation of crude oil to refineries for domestic consumption was estimated at 0.45 mbd or 13.95 million barrels in December, 2004.

Crude oil price maintained a downward trend in December, 2004. In the spot market, the average price of Nigeria's reference crude, the Bonny Light (37° API), was US\$40.72 a barrel, indicating a decline of US\$9.57 a barrel or 19.0 per cent from the level in November, 2004. The price of other competing brands namely, the West Texas Intermediate (WTI), the UK Brent, the Arab Light and the Forcados also fell by 18.3, 20.3, 28.3 and 23.0 per cent to US\$43.28, US\$39.54, US\$34.86 and US\$38.76 per barrel, respectively, during the month. Similarly, in the netback market, the prices of crude blends, except that of Arab Light fell below the levels in the preceding month.

The major factors responsible for the decline in the level of prices remained the increased supply of crude oil from OPEC and non-OPEC countries and the mild winter in the Northern Hemisphere that increased demand during the month.

3.3 Consumer Prices

Data from the Federal Office of Statistics (FOS) showed that the all-items composite Consumer Price Index (CPI) for December 2004 was estimated at 131.1 (May 2003 = 100). This represented an increase of 2.6 per cent over the level in the preceding month. The development was attributable to the components of food; food and non-alcoholic beverages; alcoholic beverages, tobacco and kola; clothing and footwear; housing, water electricity, gas and other fuel; furnishing, household equipment and maintenance; transport;

communication; recreation and culture; restaurant and hotels; and miscellaneous goods and services, whose indices rose by 1.2; 0.2; 2.9; 0.3; 0.4; 1.4; 0.1; 5.5; 0.5; 0.2 and 1.8 per cent, respectively. This was, however, moderated by the component of health whose index declined by 0.3 per cent during the month.

The urban all-items CPI for December 2004 was estimated at 132.3 (May 2003=100), indicating an increase of 1.1 per cent over the level in the preceding month. The rural all-items CPI for December 2004 was also estimated at 123.9 (May 2003=100), representing an increase of 1.2 per cent over the level recorded in the preceding month.

Retail price surveys of selected consumer items by the CBN in Bauchi, Enugu, Ibadan, Kano, Lagos and FCT Abuja showed an increase. Nationally, the retail price index (RPI) showed an increase of 4.02 per cent in the all-items average price of consumer items in December 2004, compared with the 2.0 per cent increase in the preceding month. The development during the review month was accounted for by the components of staples; oil and fat; vegetable, fruits and nuts; beverages and drinks; fuel and light; and medical whose indices increased by 3.4, 2.6, 1.9, 7.2, 3.4, 3.4, 3.8, 8.3, and 3.3 per cent, respectively.

The rate of inflation for the twelve-month-period ended December, 2004 was estimated at 15.0 per cent, compared with 16.1 per cent recorded in the preceding month. The downward trend in inflationary pressure was attributed to the relative stability in prices of some food items due to the dampening effects of the harvesting season.

4.0 EXTERNAL SECTOR DEVELOPMENTS

4.1 Foreign Exchange Flows

Foreign exchange inflow and outflow through the Central Bank of Nigeria (CBN) in December, 2004, amounted to US\$2,859.8 million and US\$1,490.6 million, respectively, indicating a net inflow of US\$1,369.14 million. Compared with the level of US\$2,662.7 million and US\$1,092.9 million in the preceding month, both inflow and outflow rose by 7.4 and 36.4 per cent, respectively. The rise in inflow was attributed entirely to the 10.2 per cent increase in the oil sector receipts, while the increase in outflow was traced largely to the 323.0 per cent rise in external debt service during the month. At US\$24,971.7 million, cumulative inflow through the CBN in the first twelve months of 2004 was 60.23 per cent higher than the level in the corresponding period a year earlier. On the other hand, cumulative outflow through the Bank in the same period was US\$15,342.2 million, representing a decline of 6.0 per cent from the level in the corresponding period a year earlier.

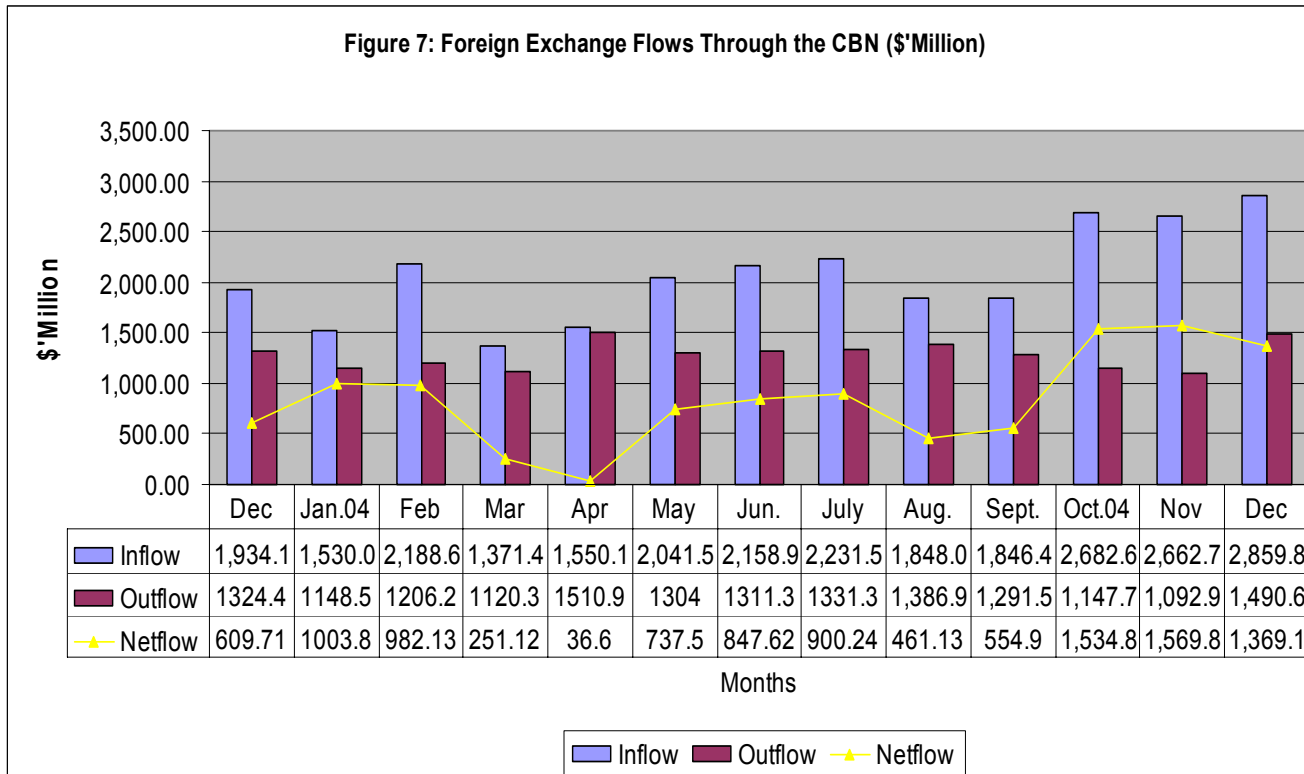
Provisional data on aggregate foreign exchange flow through the economy indicated that total inflow increased marginally by 1.4 per cent from the preceding month's level to US\$3,899.18 million in December, 2004. Receipts from oil sector, which constituted 70.2 per cent of the total receipts, rose by 10.2 per cent to US\$2,737.4 million. In contrast, non-oil public sector receipts declined by 31.1 per cent to US\$122.37 million from the level in November 2004. Receipts through autonomous sources namely, non-oil exports, capital inflows and invisibles also declined by 18.5, 12.9 and 11.5 per

cent to US\$55.76, US\$36.80 and US\$946.87 million, respectively.

At US\$1,515.46 million, total foreign exchange outflow from the economy increased by 35.4 per cent in December, 2004. The development was attributed largely to the increase in out payments through the CBN, particularly, Debt Service Payments, “Other Official Payments” and Drawings on L/C which increased from US\$82.09 million, US\$311.53 and

(DAS) and outflows through autonomous sources declined from US\$686.02 and US\$26.30 million in November 2004, to US\$668.93 and US\$24.85 million, respectively, in December 2004.

Figure 7: Foreign Exchange Flows Through the CBN (\$'Million)



US\$13.26 million to US\$347.34, US\$434.54 and US\$28.65 million, respectively, in December 2004. In addition, the funding of the National Priority Projects rose from zero level in preceding month to US\$11.15 million during the month under review. Conversely, the funding of the Dutch Auction System

4.2 Sectoral Utilisation of Foreign Exchange

The industrial sector accounted for the bulk (43.1 per cent) of total foreign exchange disbursed in December 2004,

followed by general merchandise (18.4 per cent). Other sectors in a descending order of importance, included: invisibles (17.4 per cent), food (11.2 per cent) transport (8.3 per cent), and agricultural products (1.6 per cent) (Fig.8).

4.3 Foreign Exchange Market Developments

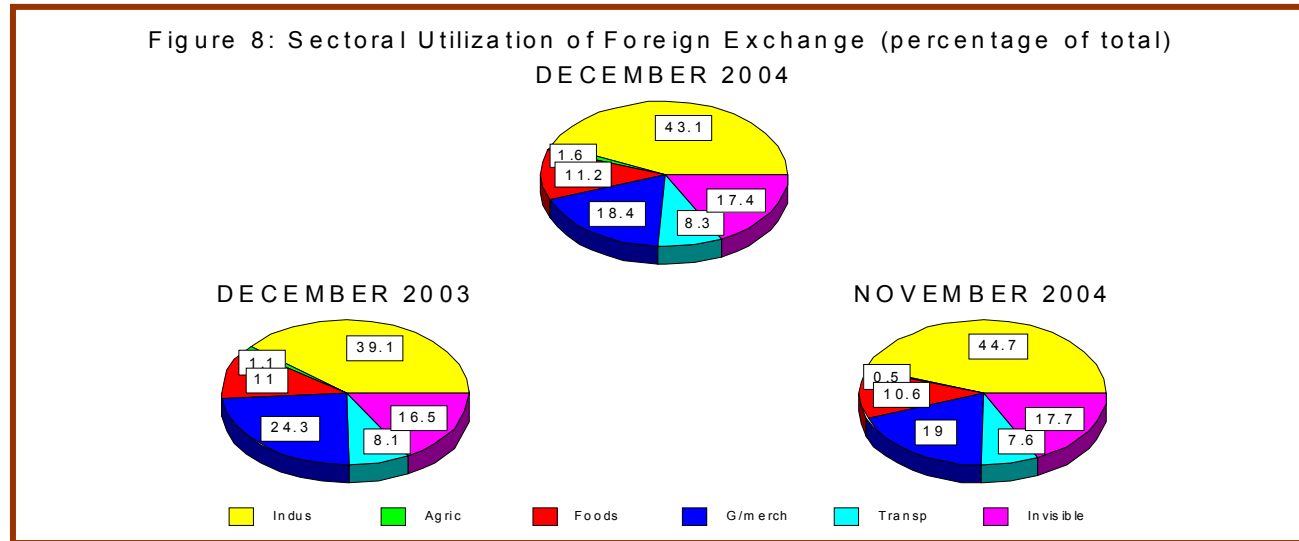
The demand pressure in the foreign exchange market moderated further in December, 2004 as the total foreign exchange sold to end-users by CBN through the authorized dealers fell by 2.5 per cent to US\$668.93 million from US\$686.02 million in the preceding month. Under the DAS, the weighted average exchange rate of the Naira vis-à-vis the US dollar appreciated from ₦ 132.92 per dollar in the preceding month to ₦132.56 in December 2004. Similarly, in the bureaux de change segment of the market, the naira traded at an average rate of ₦138.71 to a dollar, compared with ₦140.69 to a dollar in the preceding month. Consequently, the

premium between the official and bureaux de change rates narrowed from 5.89 per cent in November 2004 to 4.40 per cent in the period under review.

4.4 External Reserves

Provisional data showed that Nigeria's gross external reserves at end-December, 2004 amounted to US\$16.90 billion, indicating an increase of 3.5 per cent over the adjusted gross external reserves of US\$16.35 billion in the preceding month. At the current level of foreign exchange commitments, the reserves could finance about 11.3 months of current foreign exchange commitments.

5.0 OTHER INTERNATIONAL ECONOMIC DEVELOPMENTS



World crude oil output, estimated at 83.55 million barrels per day (mbd), in December 2004, rose marginally by 0.58 mbd or 0.7 per cent over the preceding month's level of 82.97 mbd, while the estimated demand at 83.4 mbd for the month, rose marginally by 0.08 mbd or 0.1 per cent over its preceding month's level. On the whole, total world crude oil supply exceeded demand by 0.15 mbd, reflecting the increased crude oil production from OPEC and non-OPEC countries to meet the high demand for crude oil and ease pressure on its prices.

Another major international economic development of relevance to the domestic economy during the month was the 13th meeting of the Committee of Governors of Central Bank of the West African Monetary Zone (WAMZ) held in Abuja, Nigeria on December, 2004. The meeting was convened to consider the Report of the 19th meeting of the Technical Committee in the Zone. The Committee of Governors among others noted that government services should as much as practicable be provided on full cost recovery basis through minimization of subsidies and provision of adequate motivation for the private sector to serve as the engine of economic growth. The Committee also noted progress made by members in complying with the Basel Core Principles (BCPs) and called on members to intensify efforts towards full compliance. The Committee however, decried the lack of adequate political will in the full implementation of the protocol on the ECOWAS Community Levy so as to make operational the compensation scheme for loss of revenue. In addition, the Committee mandated WAMI to work on the codification of the tax laws in the WAMZ as part of the policy harmonization exercise on trade, investment and tax issues.

Two studies namely: "Terms of Trade and Real Exchange Rate Shocks in the WAMZ" and "Fiscal and Debt Sustainability in the WAMZ. Finally, the committee agreed that the budgetary implications of the monetary union and the financing source should be clearly articulated so that member countries know the burden they would have to bear.

Meanwhile, the European Union (EU) under the auspices of the ACE-EU Water Facility Programme, approved the sum of 500 million euro for water and sanitation projects in the ACP countries including Nigeria. Also the EU called for proposals from eligible governments and Non-Government Organizations (NGOs) from ACP countries for water and sanitation projects.

In related development, thirty-six (36) African countries including Nigeria became eligible for economic and trade benefits under the US African Growth and Opportunity Act (AGOA). This confirmation was made by the president of the USA, George W. Bush, following an annual evaluation that indicated these countries have made progress towards a market based economy, the rule of law, free trade, poverty reduction and protection of workers' rights.

TABLE 1
MONETARY AND CREDIT DEVELOPMENTS
(=N=Million)

		DECEMBER 3/	NOVEMBER	OCTOBER	DECEMBER	CHANGE BETWEEN		CHANGE BETWEEN		CHANGE BETWEEN	
		2004	2004	2004	2003	(1&2)		(2&3)		(1&4)	
		(1)	(2)	(3)	(4)	ABSOLUTE	PER CENT	ABSOLUTE	PER CENT	ABSOLUTE	PER CENT
1	Domestic Credit	1,984,315.6	1,803,263.1	1,761,121.8	1,803,938.0	181,052.5	10.0	42,141.3	2.4	180,377.6	10.0
(a)	Claims on Federal Government (M)	435,945.6	260,150.0	236,875.4	591,944.7	175,795.6	67.6	23,274.6	9.8	(155,999.1)	(26.4)
	By Central Bank (Net)	(60,012.0)	(236,332.8)	(234,064.8)	293,504.0	176,320.8	74.6	(2,268.0)	(1.0)	(353,516.0)	(120.4)
	By Banks (Net)	495,957.6	496,482.8	470,940.2	298,440.7	(525.2)	(0.1)	25,542.6	5.4	197,516.9	66.2
(b)	Claims on Private Sector	1,548,370.0	1,543,113.1	1,524,246.4	1,211,993.4	5,256.9	0.3	18,866.7	1.2	336,376.7	27.8
	By Central Bank	14,920.6	14,848.7	15,206.8	8,794.4	71.9	0.5	(358.1)	(2.4)	6,126.2	69.7
	By Banks	1,533,449.4	1,528,264.4	1,509,039.6	1,203,199.0	5,185.0	0.3	19,224.8	1.3	330,250.4	27.4
(i)	Claims on State and Local Govern	22,007.7	21,816.2	25,608.0	20,234.9	191.5	0.9	(3,791.8)	(14.8)	1,772.8	8.8
	By Central Bank	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	By Banks	22,007.7	21,816.2	25,608.0	20,234.9	191.5	0.9	(3,791.8)	(14.8)	1,772.8	8.8
(ii)	Claims on Non-Financial Public E	1,625.3	1,568.6	1,968.2	212.0	56.7	3.6	(399.6)	(20.3)	1,413.3	666.7
	By Central Bank	1,625.3	1,568.6	1,968.2	212.0	56.7	3.6	(399.6)	(20.3)	1,413.3	666.7
	By Banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(iii)	Claims on Other Private Sector	1,524,737.0	1,519,728.3	1,496,670.2	1,191,546.5	5,008.7	0.3	23,058.1	1.5	333,190.5	28.0
	By Central Bank	13,295.3	13,280.1	13,238.6	8,582.4	15.2	0.1	41.5	0.3	4,712.9	54.9
	By Banks	1,511,441.7	1,506,448.2	1,483,431.6	1,182,964.1	4,993.5	0.3	23,016.6	1.6	328,477.6	27.8
2	Foreign Assets (Net)	2,604,628.4	2,621,929.4	2,363,065.7	1,475,688.7	(17,301.0)	(0.7)	258,863.7	11.0	1,128,939.7	76.5
	By Central Bank	2,116,101.0	2,133,546.1	1,952,108.6	1,059,111.0	(17,445.1)	(0.8)	181,437.5	9.3	1,056,990.0	99.8
	By Banks	488,527.4	488,383.3	410,957.1	416,577.7	144.1	0.0	77,426.2	18.8	71,949.7	17.3
3	Other Assets (Net)	-2,301,412.4	-2,156,013.2	-1,892,213.9	-1,294,435.0	-145,399.2	-6.7	-263,799.3	-13.9	-1,006,977.4	-77.8
	Total Monetary Assets (M₂)	2,287,531.6	2,269,179.3	2,231,973.6	1,985,191.8	18,352.3	0.8	37,205.7	1.7	302,339.8	15.2
	Quasi - Money 1/	949,837.0	944,491.3	941,519.7	759,632.5	5,345.7	0.6	2,971.6	0.3	190,204.5	25.0
	Money Supply (M ₁)	1,337,694.6	1,324,688.0	1,290,453.9	1,225,559.3	13,006.6	1.0	34,234.1	2.7	112,135.3	9.1
	Currency Outside Banks	410,133.3	407,635.9	388,910.7	412,155.2	2,497.4	0.6	18,725.2	4.8	(2,021.9)	(0.5)
	Demand Deposits 2/	927,561.3	917,052.1	901,543.2	813,404.1	10,509.2	1.1	15,508.9	1.7	114,157.2	14.0
	Total Monetary Liabilities	2,287,531.6	2,269,179.3	2,231,973.6	1,985,191.8	18,352.3	0.8	37,205.7	1.7	302,339.8	15.2

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.

TABLE 1
MONETARY AND CREDIT
DEVELOPMENTS
(=N=Million)

	DECEMBER	NOVEMBER	OCTOBER	DECEMBER	CHANGE BETWEEN	CHANGE BETWEEN
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		3/							
		2004	2004	2004	2003	(1&2)		(2&3)	P
		(1)	(2)	(3)	(4)	ABSOLUTE	PER CENT	ABSOLUTE	
1	Domestic Credit	1,984,315.6	1,803,263.1	1,761,121.8	1,803,938.0	181,052.5	10.0	42,141.3	
(a)	Claims on Federal Government (Net)	435,945.6	260,150.0	236,875.4	591,944.7	175,795.6	67.6	23,274.6	
	By Central Bank (Net)	(60,012.0)	(236,332.8)	(234,064.8)	293,504.0	176,320.8	74.6	(2,268.0)	
	By Banks (Net)	495,957.6	496,482.8	470,940.2	298,440.7	(525.2)	(0.1)	25,542.6	
(b)	Claims on Private Sector	1,548,370.0	1,543,113.1	1,524,246.4	1,211,993.4	5,256.9	0.3	18,866.7	
	By Central Bank	14,920.6	14,848.7	15,206.8	8,794.4	71.9	0.5	(358.1)	
	By Banks	1,533,449.4	1,528,264.4	1,509,039.6	1,203,199.0	5,185.0	0.3	19,224.8	
(i)	Claims on State and Local Governments	22,007.7	21,816.2	25,608.0	20,234.9	191.5	0.9	(3,791.8)	
	By Central Bank	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
	By Banks	22,007.7	21,816.2	25,608.0	20,234.9	191.5	0.9	(3,791.8)	
(ii)	Claims on Non-Financial Public Enterprises	1,625.3	1,568.6	1,968.2	212.0	56.7	3.6	(399.6)	
	By Central Bank	1,625.3	1,568.6	1,968.2	212.0	56.7	3.6	(399.6)	
	By Banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
(iii)	Claims on Other Private Sector	1,524,737.0	1,519,728.3	1,496,670.2	1,191,546.5	5,008.7	0.3	23,058.1	
	By Central Bank	13,295.3	13,280.1	13,238.6	8,582.4	15.2	0.1	41.5	
	By Banks	1,511,441.7	1,506,448.2	1,483,431.6	1,182,964.1	4,993.5	0.3	23,016.6	
2	Foreign Assets (Net)	2,604,628.4	2,621,929.4	2,363,065.7	1,475,688.7	(17,301.0)	(0.7)	258,863.7	
	By Central Bank	2,116,101.0	2,133,546.1	1,952,108.6	1,059,111.0	(17,445.1)	(0.8)	181,437.5	
	By Banks	488,527.4	488,383.3	410,957.1	416,577.7	144.1	0.0	77,426.2	

3	Other Assets (Net)	-2,301,412.4	-2,156,013.2	-1,892,213.9	-1,294,435.0	-145,399.2	-6.7	-263,799.3
	Total Monetary Assets (M₂)	2,287,531.6	2,269,179.3	2,231,973.6	1,985,191.8	18,352.3	0.8	37,205.7
	Quasi - Money 1/	949,837.0	944,491.3	941,519.7	759,632.5	5,345.7	0.6	2,971.6
	Money Supply (M₁)	1,337,694.6	1,324,688.0	1,290,453.9	1,225,559.3	13,006.6	1.0	34,234.1
	Currency Outside Banks	410,133.3	407,635.9	388,910.7	412,155.2	2,497.4	0.6	18,725.2
	Demand Deposits 2/	927,561.3	917,052.1	901,543.2	813,404.1	10,509.2	1.1	15,508.9
	Total Monetary Liabilities	2,287,531.6	2,269,179.3	2,231,973.6	1,985,191.8	18,352.3	0.8	37,205.7

Notes:

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

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