



ECONOMIC & FINANCIAL

UPDATE

JAN - MAR. 2009

ECONOMIC AND FINANCIAL UPDATE (FIRST QUARTER 2009)

SECTORIAL UPDATES

THE ECONOMY IN GENERAL

2009 began on a rather cautious note, with the impact of the global financial crisis affecting both individuals and businesses across the globe. Persistent global panic, rising unemployment, job losses, shortage of liquidity and acute scarcity of credit were some of the common denominators shared by economies around the world.

In Nigeria, economic activities in the first quarter of 2009 was slow, especially with the non-passage of the budget by the National Assembly and the delayed opening of the official foreign exchange market.

President Umaru Yar'Adua appointed fourteen public and private sector personalities to a Presidential Steering Committee to design strategic responses to the possible impact of the current global financial meltdown on the country. Essentially, the committee would formulate appropriate policy responses in the short to medium and long terms, and would work out means of maximizing the opportunities provided by the global crisis.

Meanwhile, the House of Representatives passed a N3.087 trillion 2009 Appropriation Act. Earlier, President Umaru Yar'Adua had on December 2, 2008 laid before the National Assembly a budget estimate of ~~N~~2.197 trillion. But the House Committee on Appropriation, which collated the reports of other committees, recommended ~~N~~3.087 trillion - a difference of ~~N~~170 billion. The budget was premised on a benchmark oil price of \$45 per barrel and a daily crude oil production of 2.292 million barrels per day.

Also within the same period, the National Assembly approved a request by the Federal Government to issue naira-denominated sovereign bond in the International Capital Market (ICM). The government's request was aimed at establishing a sovereign benchmark for the issuance of a naira-denominated bond equivalent to \$500m in the ICM. The bond had 10-year tenure, and its proceeds would be used to partly fund the 2009 budget. In the same vein, the Debt Management Office (DMO), on behalf of the Federal Government, issued ~~N~~50 billion 20-year, 5-year and 3-year sovereign bonds at its first debt auction of the year.

MONEY MARKET

In the quarter under review, the Central Bank of Nigeria directed the 24 licensed banks in the country to migrate their payment cards to a chip and pin smart cards platform, otherwise known as Euro Pay Master Card Visa (EMV), by the end of the second quarter of 2009. The initial September, 2008 deadline was shifted by the apex bank to enable the banks prepare thoroughly for a complete compliance with the directive.

Also within the period, the CBN suspended the Wholesale Dutch Auction System (WDAS) and re-introduced the Retail Dutch Auction System (RDAS) with effect from January 19, 2009. Under WDAS, banks were not expected to submit documentations on what their clients would use the foreign exchange for, but under the RDAS, banks are required to bid along with documentations containing what foreign exchange being sourced would be used for. Also, under the RDAS, bid for the purchase of foreign exchange must be cash-backed at the time of the bid. Such funds shall not be transferable in the interbank foreign exchange market. Authorized dealers are expected to return to the CBN any unutilized funds within five business days after delivery, at the rate of purchase. Also, interest earned on letters of credit established and for which settlement has not been effected shall be repatriated to the CBN for purchase at the bid rate at the time the funds were purchased. The foreign net open position (NOP) of banks was further reduced from 10% to 5% of shareholders funds.

The CBN stepped up its crackdown on unethical practices in the nation's banking sector by deploying officials to banks to monitor their activities. The officers known as Resident Examiners would maintain their presence in all the banks, scrutinize the banks' transactions and accounts daily and report their findings to the CBN's Head Office. The arrangement is geared towards nipping any crisis or fraud in the bud, thereby ensuring safe and sound banking in the system. To prevent possible compromise, the apex bank barred banks from giving any form of entertainment or remuneration to the Residents Examiners (REs), but are to provide them with adequate and conducive offices only.

At the end of the quarter, the Bankers' Committee, in a meeting held on the 5th March, 2009, agreed that Banks in the country adopt December, 31st as their common financial year-end, setting December, 2009 as the commencement date for the implementation. Other decisions taken at the meeting bothered on the need for more disclosure by banks in their financial reports, consensus on anti-money laundering, Know-Your-Customer (KYC) by banks and the floating of a ₦200billion bond to boost agriculture financing.

At the international level, the World Bank approved the first phase of reforms to increase the influence of developing countries within the bank group. The reforms include a seat for Sub-Saharan Africa to allow developing countries a majority of seats on the executive board and expansion of voting and capital shares.

CAPITAL MARKET

As part of its growth strategy, the Nigerian Stock Exchange adopted a hybrid market model that will allow for a simultaneous operation of quote and order driven markets. It also released criteria for licensing market makers in the Nigeria stock market. The criteria states that a company applying to the exchange as a market maker in listed securities must be incorporated in Nigeria, under the Company's and Allied Matters Act 1990 and registered with the Security Exchange Commission and Nigerian Stock Exchange. Also, the company must have a minimum paid-up capital of ₦2 billion, in addition to being able to maintain a minimum float of ₦10 billion at all times.

In the period under review, the Nigerian Stock Exchange introduced five new tradeable indices into the capital market with the aim of deepening trading activities on the floor of the exchange. The new indices, which is expected to boost activities in the capital market, include: NSE 30 Index, NSE Food/Beverages 10 Index, NSE Banking 10 Index, NSE Insurance 10 Index and NSE Oil/Gas 5 Index.

The stock market in March, 2009 recorded improved performance when compared with February. A turnover of 7.8 billion shares worth ₦40.15 billion in 131,419 deals was recorded in March in contrast to a total of 6.44 billion shares valued at ₦37 billion exchanged during February in 150,689 deals. Trading volume and value rose by 21.15% and 8.53%, respectively when compared with February. Consequently, total turnover during the first quarter of the year was 19.03 billion shares valued at ₦106.91 billion.

STOCK MARKET AT A GLANCE
TOP FIVE STOCKS AS AT MARCH 31ST, 2009.

Company	Opening Price (₦)	Closing Price (₦)	Change (%)	Gain (₦)
Gainers				
Nestle	133.95	138.00	4.30	4.05
AP	59.43	62.40	0.76	2.97
Oando	62.00	63.66	0.73	1.66
BCC	18.80	23.23	4.43	0.94
BOC Gas	16.17	20.81	4.64	0.80
Losers				Loss (^)
CAP	37.90	36.01	4.98	1.89
Zenith	12.38	11.77	4.67	0.61
Nigerian Breweries	36.35	35.74	4.94	0.61
ETI	11.92	11.33	4.92	0.59
CCNN	7.86	7.47	4.98	0.39

Source: Financial Standard, April 1st 2009

MOST ACTIVE SECTORS (BY VOLUME)
TOP TEN SECTORS AS AT MARCH 31ST 2009

Sector	Turnover (Million Units)	% of Market's Total
Banking	254.574	56.84
Insurance	26.353	49.54
Information/Communication	12.463	41.38
Building	6.577	34.28
Food/Beverages	5.949	26.12
Conglomerates	4.796	21.32
Healthcare	2.708	18.89
Media	1.862	11.64
Mortgage	1.253	8.52
Construction	1.187	1.22

The banking sector was the most active, accounting for 56.84 percent of activities.

Source: Financial Standard, April 1st 2009.

OIL & GAS

A new financing arrangement has been designed for the three Nigerian refineries located in Warri, Port Harcourt and Kaduna, to enable them routinely carry out maintenance of the facilities without recourse to the Nigerian National Petroleum Corporation (NNPC). To enhance the process of Turn Around Maintenance (TAM) and guarantee maximum efficiency of the refineries, managers of the three refineries are now allowed to spend a maximum of \$50,000 for the maintenance of the plant.

The Federal Government approved fresh incentives for domestic supply of natural gas by oil firms operating in the upstream sub-sector of the Nigerian oil and gas industry. This is to encourage investment in gas infrastructure needed to address inadequate gas supply to the power generation stations belonging to the Power Holding Company of Nigeria (PHCN).

Within the first quarter, the Federal Government slashed off ₦5 from the pump price of the Premium Motor Spirit (PMS), otherwise known as petrol, thereby bringing the price to ₦65 per litre from the initial ₦70 per litre. Though, this was attributed to the government's move to fully deregulate the downstream sector of the oil industry, the unions rejected the signal, stating that any attempt to fully deregulate the sector at this time would further impoverish Nigerians and bring the few functioning plants to a halt.

ENERGY

PHCN confirmed that Nigeria's electricity generation rose to 3,200MW consequent upon the improved supply of gas as the Utorogun Gas Plant. However, this dropped to 2,819MW by the end of January, 2009. PHCN, however, said it could comfortably generate 4,000MW, but for inadequate gas supply. The target of 6000MW by December 2009 is still on the front burner, with existing power plants, which are expected to provide 4500MW out of the targeted 6000MW. The National Integrated Power Plants would deliver the balance of 1,500MW. However, the attainment of the objective would depend on the availability of gas and adequate funding.

AGRICULTURE

The Board of the World Bank approved an International Development Association (IDA) credit of \$150 million (N21 billion) for Commercial Agriculture Development Project (CADP) in Nigeria. The IDA credit, which attracts a service charge of 0.75%, is interest-free and re-payable in 40 years with a moratorium of 10 years. CADP was designed to strengthen agricultural production systems as well as facilitate access to markets for targeted value chains among small and medium scale commercial farmers in the five participating states in the country, namely Cross River, Enugu, Lagos, Kaduna, and Kano.

MACROECONOMIC INDICATORS 2009.

S/N	INDICATORS	Q1
1	MPR (%)	9.75
2	CRR (%)	2
3	Inflationary rate (%)	14.4
4	External reserve	\$47b
5	GDP	6.4%
6	Crude oil	\$40bp
7	Exchange rate	₦145/\$
8	Currency in circulation	₦1.06trillion



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**ECONOMIC
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FINANCIAL**

UPDATE

APR - JUN. 2009

ECONOMIC AND FINANCIAL UPDATE (SECOND QUARTER 2009)

SECTORIAL UPDATES

THE ECONOMY IN GENERAL

With a major leap in the price of crude oil from \$40 per barrel in the first quarter to \$60 per barrel in the second quarter of the year, coupled with a marginal decrease in inflation rate (from 14.4 percent to 11.2 percent), the nation's economy seemed set for improvement between April and June, 2009. To compliment this glimmer of hope, the Central Bank of Nigeria, in its monetary policy, further reviewed downwards the industrial benchmark rates to peg the lending rates at 24 percent, thus further containing the spiral interest rates of the past one year.

Meanwhile, there was a further dip in Nigeria's external reserve in the period under review. For instance, indicators showed that whereas the external reserve maintained a balance of \$47billion in the first quarter, this slid to \$43.9 billion by June, 2009, representing a decrease of 6.60 percent. Similarly, the exchange rate oscillated between N146 and N147 to 1USD compared to the N145 of the preceding quarter. In spite of this, the economic growth rate up slightly from 6.4 percent to 6.5 percent.

In his April, 2009 release on Regional Economic Outlook for Sub-Sahara African Region, the International Monetary Fund (IMF) projected a growth of 2.9 percent for Nigeria in 2009 and 2.6 percent in 2010, indicating a major decline from last year's 5.3% growth. A decline in the price of crude oil and the global credit crunch are some of the reasons adduced for the country's predicament. It is however, doubtful if this projection will hold, considering the steady increase in the price of crude oil in the recent months. But there is no doubt that Nigeria stands some chances of regaining lost grounds as the Fund predicted, it deploys the perhaps, the greatest indicator that showed that perhaps this might be possible was the succession of the former CBN Governor, Prof. Charles Soludo by Mr. Sanusi Lamido Sanusi who until his appointment in June, 2009 was the Managing Director and Chief Executive Officer of First Bank of Nigeria Plc. Considering his pedigree as a strict man of rules with strong passion for strong risk management practices, good corporate governance and sound monetary policies, his appointment is expected to scale up the standard of banking practice and stimulate policy measures that will have direct positive impact on the nation's economy.

Also, in the period under review, a committee, which was set up to review the Pension Reform Act, recommended that contribution rates be subjected to negotiations with individual companies and employees and that gratuity under the Contributory Pension Scheme should be subject to collective bargaining. Part of the recommendations states that at retirement, the age for accessing retirement benefit should be in accordance with the terms of employment as currently provided for in the Pension Reform Act 2004.

In the public sector, the Revenue Mobilization Allocation and Fiscal Commission (RMAFC) concluded the review of the salary cut for the executive arm of government as requested by President Umaru Musa Yar'Adua, in light of the global meltdown. In the review, 20% was slashed off the emoluments of all political office holders of the executive arm, effective from April. Also, the president approved the establishment of a savings fund to pool the estimated monthly savings of N2.5 billion per annum arising from the cut in the emoluments of political office holders.

As part of its measures to remedy the problem of poor infrastructure in the country, the Federal Government also approved the concessioning of the Lagos-Ibadan Expressway to Messrs Bi-Courtney Consortium at N89, 533.7million. The Consortium is to run the expressway for 25years under a Build-Operate and Transfer (BOT) agreement. The consortium would undertake the reconstruction, expansion and modernization of the expressway to international standard. Besides the money paid for the concessioning, the government is expected to earn N100million annually and 5% of all revenues accruing from the project. The screening process for the concessioning commenced in February 2007. The road constructed 31 years ago is very strategic as it is the main link road to the East, South and North of the country. The investors would recoup their investment through tolls and other charges subject to regulatory guidance from the Federal Government. In the same vein, the Federal Government approved the award of contracts worth N373,746.05 million for the construction, rehabilitation and expansion of various roads across the six geo-political zones and the FCT with various completion periods. Aside from easing the movement of people and goods across the country, this should boost employment and aggregate output

MONEY MARKET

To check inflation and contain the flight in the cost of funds by banks, CBN on the 8th of April, announced new measures to ease liquidity pressure. The apex bank pegged the maximum lending and deposit rates by banks to 22% and 15%

respectively. Added to this was the immediate reduction of the Monetary Policy Rate (MPR), the rate at which the apex bank lends money to commercial banks by 175 basis points from 9.75% to 8.0%; the reduction of the liquidity ratio requirement by 500 basis points from 30.0% to 25.0%; and the reduction of the Cash Reserve Requirement (CRR) by 100 basis points from 2.0% to 1.0% all with effect from April 14, 2009. All other charges would be at most 2%, implying that lending rates would not exceed 24%. The new measures, though a departure from the erstwhile market-based approach, are meant to ease pressure off the shoulders of the banks, which is responsible for the inducement of the high cost of funds by banks to enable them meet up with the requirements of the financial sector regulators. However, analysts estimated that through these measures, the apex bank injected about N955 billion into the banking industry. The bank also expressed concern over the high rate of inflation in the country, projecting that it might remain high till mid 2009. There is much to be done to curtail inflation, especially those forces driving cost of production aside from the naira exchange rate. These factors include energy cost, high transportation cost and high transaction cost, including taxes and levies.

To ensure compliance with the decisions, the board of the apex bank approved sanctions for non-compliance with the Bankers' Committee's decisions on interest rates. The Chief Executive Officer of a bank caught increasing interest rates above 15% (deposit) and 22% (lending), will first get a warning as a first time violator. If caught the second time, the bank will be suspended from the Retail Dutch Auction System, if the bank's Chief Executive Officer violates the rule for the second time, the bank will be suspended from the RDAS and be liable for a fine of N50 million. If the bank violates for the third time, besides the fine, it will have its CEO suspended. These rates took effect from the April 1 and would be in force till end-December, 2009. The policy is a welcome development especially with the rising deposit rates caused by the liquidity crisis. With the money market operating at short end following the crash of stock prices, depositors had a field day and dictated rates for which banks, desperate for funds, were forced to oblige.

STOCK MARKET AT A GLANCE
TOP FIVE STOCKS AS AT JUNE 31ST, 2009.

Company	Opening Price (^)	Closing Price (^)	Change (%)	Gain (N)
Gainers				
Guinness	114.89	118.50	3.1	3.61
UACN	36.5	38.32	5.0	1.82
Julius Berger	34.39	36.10	5.0	1.71

Flourmill	33.7	35.38	5.0	1.68
Oando	95.00	96.50	1.6	1.50
Losers				Loss (^)
Glaxosmith	18.51	17.54	-5.0	(0.97)
AP	85.50	84.60	-1.0	(0.90)
BCC	36.65	35.78	-2.3	(0.87)
UPL	7.85	7.45	-4.8	(0.40)
Berger	5.96	5.67	-1.0	(0.29)

Source: Financial Standard, July 1st 2009

MOST ACTIVE SECTORS (BY VOLUME)
TOP TEN SECTORS AS AT MARCH 31ST 2009

Sector	Turnover (Million Units)	% of Market's Total
Banking	256.6	58.5
Insurance	72.9	16.6
Food/Beverage/Tobacco	30.6	7.0
Information Communication	16.6	3.8
Maritime	12.1	2.8
Foreign listing	10.8	2.5
Mortgage	7.2	1.6
Conglomerates	5.3	1.2
Construction	3.5	0.8
Commercial Services	3.4	0.7
<i>The banking sub sector was the most active, accounting for 58.5 percent of activities.</i>		

Source: Financial Standard, July 1st 2009.

OIL & GAS

In the period under review, the Federal Executive Council approved N559 million for the procurement of oil spill response boat and other equipment for the National Oil Spill Detection and Response Agency (NOSDRA). The agency is

saddled with the responsibility of coordinating the implementation of the National Oil Spill contingency plan for Nigeria.

Aside from the impact of the global economic meltdown, the Nigerian economy witnessed the scarcity of Premium Motor Spirit (petrol) towards month-end. Rationing and long queues resurfaced at the filling stations, while black marketers operated unhindered. The scarcity was attributed to the state of uncertainty created by government indecision on deregulation of the downstream sector of the oil industry, which compelled NNPC and other oil marketers to stop the importation of petroleum products since January

Meanwhile, marketers stopped fuel importation following the refusal of the Federal Government to pay subsidy on imported petroleum products. Going by the report of Petroleum Products Pricing Regulatory Authority (PPPRA), PMS should sell for N90.45 per litre based on the costs of fuel, landing, bridging, margin and others. But actual price at filling stations is N65 per litre, implying that the Federal Government subsidizes the fuel to the tune of N25.45 per litre. From this, the Federal Government is expected to pay a daily subsidy of about N839.85 million on the 33 million litres of PMS consumed nationwide. The subsidy burden falls on the government shoulders because the four refineries are producing below installed capacity. Meanwhile, the Turned around Maintenance (TAM) on the Kaduna Refining and Petrochemical Company (KRPC) was recently completed, which should boost the supply of refined petroleum products to the northern parts of the country. The TAM on the facility started in November 2008.

Within the quarter, Shell Petroleum Development Company (SPDC) announced the shutting down of a major flow stations supplying about 0.17mbd crude oil to its Trans-Niger Pipeline (TNP) in Rivers State as a precautionary measure after a fire at the Bomu manifold. The TNP is a long stretch of network of pipelines transversing parts of the southern Niger Delta and conveying crude oil from Shell's Nigerian joint venture and other oil companies (third parties) to export terminals. Nigeria's crude oil production shut-in-was believed to have increased from 0.716mbd to 0.836mbd due to the escalating crisis in the Niger Delta, which has resulted in attacks on oil workers and destruction of oil and gas installations.

ENERGY

In the period under review, electricity generation was severely hampered by the non-availability of gas consequent on the vandalism of the pipelines. PHCN generated only 2,200MW of its 4,000MW watts capacity. Nigerian Gas NGC a subsidiary of Nigerian National Petroleum Authority (NNPC) recorded a daily loss of 200 million standard cubic feet of gas due to damage of the Escravos/Warri Gas Pipeline alone by suspected militants. The pipeline which conveyed gas from the various fields of Chevron Nigeria Limited, in Escravos, Warri. By month-end, the nation's power generation capacity dropped by another 300MW to 1900MW following the shutting down of the Afam VI Power Station. The shutdown was expected to last for two days to allow for routine maintenance of the station's gas facilities. NERC issued two additional licences to supply power directly to specific manufacturing and industrial concerns, which brought the number of companies so far licensed to 31.

AGRICULTURE

The Board of the World Bank approved an International Development Association (IDA) credit of \$150 million (N21 billion) for Commercial Agriculture Development Project (CADP) in Nigeria. The IDA credit, which attracts a service charge of 0.75%, is interest-free and payable in 40 years with a moratorium of 10 years. CADP was designed to strengthen agricultural production systems as well as facilitate access to markets for targeted value chains among small and medium scale commercial farmers in the five participating states in the country, namely Cross River, Enugu, Lagos, Kaduna, and Kano.

MACROECONOMIC INDICATORS 2009.

S/N	INDICATORS	Q1	Q2
1	MPR (%)	9.75	8
2	CRR (%)	2	1
3	Inflationary rate (%)	14.4	11.2

4	External reserve	\$47b	43.9
5	GDP	6.4%	6.5
6	Crude oil	\$40bp	\$60
7	Exchange rate	N145/\$	N146.75
8	Currency in circulation	N1.06trillion	₦1.01trillion



ECONOMIC & FINANCIAL

UPDATE

JUL- SEPT. 2009

ECONOMIC AND FINANCIAL UPDATE (THIRD QUARTER 2009)

SECTORAL UPDATES

THE ECONOMY IN GENERAL

The third quarter witnessed slight improvements within the economy with an upward move of the price of crude oil to \$65 per barrel, depicting a 10.2 percent increase when compared to \$59 per barrel of the previous quarter. While this development augurs well for Nigeria's fiscal and external sector positions, its sustainability would, however, depend on how quickly the global economy would bottom out of the current recession. Also with the reduction in the Monetary Policy Rate from 8 percent to 6 percent and the introduction of the interest rate corridor as well as Central bank's guarantees of unsecured inter-bank market transactions which were firmly set with effect from July 20,2009, there has been considerable improvement in the risk perceptions of market participants.

Meanwhile, year-on-year inflation rate maintained a stable terrain from 11.2 percent in the preceding quarter to 11percent in the period under review, making it possible for Central bank to maintain low interest rates. Given the outlook on output and limited aggregate demand, there are indications that headline inflation would moderate further by the end of the year. However risk associated with inflation could emanate from core inflation with higher oil prices and possible removal of subsidies.

In the period under review, the foreign exchange market was greeted with the re-introduction of the Whole Sale Dutch Auction System and the reduction in exchange rate volatility. In view of these, the spread between the rates at which the auctions are settled and the rates quoted by the Bureau de changes BDCs) were narrowed from 12 percent to 4.4 percent. The rate is expected to be narrowed further, once the confidence in the international foreign exchange market is restored with the bottoming out of the current global recession and the introduction of more BDCs into the market.

President Umaru Yaradua approved a new guideline for the application of the Ecological Fund with a view to ensuring effective use of the fund. Under the new arrangement, 1.46 percent of the Federal gGovernment 's share of revenue from the 13 percent derivation and ecological accounts will be used to fund major ecological sectors in addition to the contributions of both states and local

governments. However, the total sum of money accrued from the accounts, 60 percent will be earmarked for drought and desertification; 25 percent to soil erosion, flood/gully erosion pollution control and oil spillage; while 10 percent will be devoted for the administration of the ecological office.

President Umaru Yar'Adua on September 30 launched new polymer currency notes in the denominations of N50, N10 and N5. Prior to this, only the N20 note is in polymer, while the rest of the currencies are in paper form. According to the CBN, the new notes were launched as part of the mandate to promote efficient payment system in the country. The decision to convert the N5, N10, and N50 into polymer notes was based on the fact that lower banknote denominations have higher circulation rate than higher denominations. The existing denominations of N5, N10 and N50 would remain legal tenders and would circulate side by side with the new polymer notes for the next six months. Meanwhile, CBN enjoined Nigerians to brace up for a market -induced consolidation, the result of which 15 banks are being expected to emerge. The belief of the apex bank is that the smaller the banks, the easier their supervision.

MONEY MARKET

In its renewed bid to enable banks make full disclosure of their toxic assets, the Central Bank of Nigeria (CBN) has suspended the use of Commercial Papers (CPs) and Bankers' Acceptances (BAs) as off- balance sheet instruments by banks and discount houses.

Also, in a continued effort to boost liquidity in the banking system, the Central Bank of Nigeria increased the length of time, non-oil proceeds could stay with banks before repatriating same to the exporters' domiciliary account. In view of this, the repatriation of the non-oil exports should be done within 180 days from the day of shipment, while the repatriation of proceeds of oil exports remains with 90 days from the date of shipment.

A leading bank in Nigeria introduced new risk management software in its bid to meet the regulatory demand on risk management and align with global best practices. To this end, the bank deployed analytical based regulatory risk solution and selected the full risk management suite from SAS. The objective is designed to reinforce transparency in businesses and mitigate compliance and regulatory risk.

12 leading banks in Nigeria successfully migrated to the secured electronic bank card platform and are now issuing electronic banking smartcard called Verve Chip and Pin, which was introduced into the banking system in the first quarter of 2009. To ensure adherence, the Central Bank of Nigeria (CBN) mandated all

banks to migrate to the more secure Visa Master Card Visa (EMV) platform by the end of this year of face severe sanctions.

The Central Bank of Nigeria (CBN) observed with common concern the abuse of the use of Bankers Acceptances (BAs) and Commercial Papers (CPs) by Money Deposit Banks and Discount Houses which range from repackaging of troubled assets into CPs/BAs for purported sale to other institutions, non-existence of underlying transactions for the CPs/BAs and the frequent roll-over beyond the allowable tenor. In view of these, the Central Bank of Nigeria ordered the suspension of Bankers Acceptances (BAs) and Commercial Papers (CPs) as off balance-sheet items by deposit money banks adding that all maturity CPs and Bas are to be either fully liquidated or treated as on balance sheet items.

The Central Bank of Nigeria (10th September, 2009) proposed a consolidated and harmonized supervision of the financial industry by all regulatory agencies in the country. Also the apex bank proposed a more robust and proactive regulatory framework of harmonisation of code of corporate governance, adoption of international financial reporting and auditing standards, enhanced information sharing mechanism and standardized minimum disclosure requirement as pathways to effective regulation of the financial sector.

The apex bank on August 18, 2009 sacked the top management of 5 banks. According to the CBN Governor, Mallam Sanusi Lamido Sanusi, the action became necessary in order to safeguard the financial sector from systemic collapse. Following the audit exercise conducted by CBN's examiners, it was discovered that the five banks had accumulated margin loans of N500 billion, among other loans, that had gone bad and eroded their shareholders' funds. Subsequently, CBN injected N420 billion into the affected banks to shore up their tier 2 capital to minimum acceptable levels. The funds are expected to be paid back to the CBN after recapitalization. Also, CBN promised to guarantee all foreign loans and other correspondent credit lines undertaken by the banks. The objectives of the exercise were twofold:

- To sanitize the banking system and restore financial discipline and full disclosure.
- To change a culture of borrowing with commercial impunity which had become endemic

The banks affected were Intercontinental Bank Plc, Finb-ank Plc, Afribank Nigeria Plc, Oceanic Bank International Plc and Union Bank of Nigeria Plc.

Meanwhile, the change of leadership in the five affected banks perceived as weak and the subsequent lowering of the country's rating by the Standard and Poor's subjected even the healthy banks to intense credit crunch coupled with serious crisis of confidence. The problems led to lull in inter-bank lending. However,

EFCC announced the recovery of N108.5billion from debtors of the five troubled banks, an amount that was transferred to the affected banks in a bid to enhance their operations. Meanwhile, the IMF endorsed CBN's intervention in the banking system. David Nellor, IMF country representative, saw the action as "essential to building a sound financial sector that can promote long term growth and development consistent with the goals being set for the Vision 2020.

In a follow up action, the apex bank released the names of major debtors with total indebtedness of N747 billion in favour of the five banks, which were classified as non-performing. Subsequently, EFCC handed down a 7-day ultimatum to the debtors to settle their outstanding or face arrest, prosecution and possible seizure of assets. About N46billion of the debt had been recovered by the end of September, 2009.

OTHER DEVELOPMENTS IN THE FINANCIALSERVICES SECTOR

In order to mitigate the impact of crashed stock prices on the investments of insurance companies, as well as create new avenues for insurance market expansion, the National Insurance Commission (NAICOM) put in place modalities for the take off of the Nigerian Insurance Market Development and Restructuring Initiatives (MDRI). Under the new programme, the Commission will begin the enforcement of sections 64 and 65 of the compulsory insurance of public buildings and buildings under construction and other compulsory insurance in the market. The project which is designed to be a medium-term plan that would install the first phase of reforms in the areas of industry capacity building, market efficiency and consumer protection in the country, also seeks to increase the industry gross premium income from N164.5 billion in 2008 to N1.10 trillion by 2012.

STOCK MARKET AT A GLANCE **TOP FIVE STOCKS AS AT OCTOBER 2nd, 2009.**

Company	Opening Price (^)	Closing Price (^)	Change (%)	Gain (N)
Gainers				
Total	136.50	150.48	10.2	13.98
Mobil	96.97	105.00	8.3	8.03
Larfarge Wapco	31.03	43.00	9.6	2.97

Julius Berger	25.99	28.10	8.1	2.11
Glaxo SmithKline	23.36	25.00	7.1	1.64
Losers				Loss (^)
Guinness	144.00	136.50	-5.2	7.50
Nigeria Breweries	60.00	54.90	-8.5	5.10
Seven-up	30.00	28.50	-5	1.50
AP	32.00	30.50	-4.7	1.50
Conoil Plc	37.31	36.00	-3.5	1.31

Source: Financial Standard, October 2nd, 2009

MOST ACTIVE SECTORS (BY DEALS)

Sector	Deals
First Bank	256.6
GT Bank	72.9
Zenith Bank	30.6
Union Bank	16.6
Access Bank	12.1
Oceanic Bank	10.8
Skye Bank	7.2
Diamond Bank	5.3
Nigerian Breweries	3.5

Source: Financial Standard, October 2nd, 2009.

OIL & GAS

In the period under review, the Federal Executive Council approved N559 million for the procurement of oil spill response boat and other equipment for the National Oil Spill Detection and Response Agency (NOSDRA), saddled with the responsibility of coordinating the implementation of the National Oil Spill contingency plan for Nigeria.

Aside from the impact of the global economic meltdown, the Nigerian economy witnessed the scarcity of Premium Motor Spirit (petrol). Rationing and long

queues resurfaced at the filling stations, while black marketers operated unhindered. The scarcity was attributed to the state of uncertainty created by government indecision on deregulation of the downstream sector of the oil industry, which compelled NNPC and other oil marketers to stop the importation of petroleum products since January

Meanwhile, marketers stopped fuel importation following the refusal of the Federal Government to pay subsidy on imported petroleum products. Going by the report of Petroleum Products Pricing Regulatory Authority (PPPRA), PMS should sell for N90.45 per litre based on the costs of fuel, landing, bridging, margin and others. But actual price at filling stations is N65 per litre, implying that the Federal Government subsidizes the fuel to the tune of N25.45 per litre. From this, the Federal Government is expected to pay a daily subsidy of about N839.85 million on the 33 million litres of PMS consumed nationwide. The subsidy burden falls on the government shoulders because the four refineries are producing below installed capacity. Meanwhile, the Turned around Maintenance (TAM) on the Kaduna Refining and Petrochemical Company (KRPC) was recently completed, which should boost the supply of refined petroleum products to the northern parts of the country. The TAM on the facility started in November 2008.

Within the quarter, Shell Petroleum Development Company (SPDC) announced the shutting down of a major flow stations supplying about 0.17mbd crude oil to its Trans-Niger Pipeline (TNP) in Rivers State as a precautionary measure after a fire at the Bomu manifold. The TNP is a long stretch of network of pipelines transversing parts of the southern Niger Delta and conveying crude oil from Shell's Nigerian joint venture and other oil companies (third parties) to export terminals. Nigeria's crude oil production shut-in was believed to have increased from 0.716mbd to 0.836mbd due to the escalating crisis in the Niger Delta, which has resulted in attacks on oil workers and destruction of oil and gas installations.

The Federal Government announced its decision to withdraw petroleum subsidy and deregulate fuel prices in November this year, claiming the ordinary Nigerian is not the ultimate beneficiary. More so, the financial commitment is becoming burdensome on the Federal Government. In the first five months of the year, government spent about N150 billion on subsidies out of the subsidy budget of over one trillion naira. According to the Petroleum Pricing Product Regulatory Authority (PPPRA), the landing cost of Premium Motor Spirit (PMS) was N96.20 per litre, and what it called the margin cost was N13.20 per litre, thus bringing the expected minimum price of PMS per litre at N109.47. However, while government may save N1 trillion from the subsidy it will not spend again, additional billions of naira would be spent by Nigerians daily. Officially,

Nigerians consume 359.49 million litres of PMS daily. With the removal of subsidy, Nigerians may spend over N39.35 billion daily and N14.36 trillion annually on PMS alone (Price at N109.47 per litre).

Nigerian National Petroleum Corporation (NNPC) announced the new ex-depot prices of Automotive Gas Oil (AGO) or diesel and Low Pour Fuel Oil (LPFO). The new prices of AGO and LPFO were set at N92 and N72 per litre respectively, up from N81 and N63 per litre. Expectedly, there was corresponding increase in the pump price of the two refined products with AGO hovered between N108 - N110 per litre. We are likely going to record another round of increase in the price of natural gas, as there is a clause in the Gas Purchase Agreement, which makes it mandatory for the benchmarking of the price of gas with the price of LPFO. Also, the Federal Government announced the removal of the \$1 million mandatory refundable deposit payable on every 10,000 barrels of installed petroleum refining capacity by any private sector investor. The government realized that such deposit was a dis-incentive to the investing public. In an attempt to encourage private investors into the downstream business, the government in 2002 granted licenses to 18 indigenous companies to construct refineries of different capacities, while it introduced the \$1 million mandatory refundable fees on intending investors as a measure to raise their commitment to delivering the project in 2005.

ENERGY

The Federal Government approved an increase in electricity tariff to 10 percent by the Power holding Company of Nigeria (PHCN) with effect from July, 1st, 2009. The increase is in line with the Multi-Year Tariff Order recently introduced by the Nigerian Electricity Regulatory Commission (NERC).

AGRICULTURE

The Board of the World Bank approved an International Development Association (IDA) credit of \$150 million (N21 billion) for Commercial Agriculture Development Project (CADP) in Nigeria. The IDA credit, which attracts a service charge of 0.75%, is interest-free and payable in 40 years with a moratorium of 10 years. CADP was designed to strengthen agricultural production systems as well as facilitate access to markets for targeted value chains among small and medium scale commercial farmers in the five participating states in the country, namely Cross River, Enugu, Lagos, Kaduna, and Kano.

MACROECONOMIC INDICATORS 2009.

S/N	INDICATORS	Q1	Q2	Q3
1	MPR (%)	9.75	8	6
2	CRR (%)	2	1	1
3	Inflationary rate (%)	14.4	11.2	11
4	External reserve	\$47b	\$43.9	\$41.60
5	GDP	6.4%	6.5	6.5
6	Crude oil(\$bpd)	\$40bp	\$60	\$65
7	Exchange rate	₦145/\$	₦146.75/\$	₦150/\$
8	Currency circulation in	₦1.06trillion	₦1.01trillion	₦1.008trillion



ECONOMIC & FINANCIAL

UPDATE

OCT- DEC. 2009

ECONOMIC AND FINANCIAL UPDATE (FOURTH QUARTER 2009)

SECTORAL UPDATES

THE ECONOMY IN GENERAL

The economy in the fourth quarter of 2009 witnessed little variation from the previous quarter as the exchange rate came under intense demand, as a result of foreign exchange (Forex) demand from importers and other end users. At the end of the period, the exchange rate in the official market closed at ₦149.58 to United States \$1, a depreciation indicating ₦0.22 or 0.15 % from ₦149.36/\$1 in October, but an appreciation of ₦1.27 or 0.84% from ₦150.85/\$1 recorded in November. However deliberate efforts were made by the Central Bank of Nigeria (CBN) to keep the exchange rate around ₦150/\$1 and avoid fluctuations exceeding 3%. The apex bank has indicated its commitment to this exchange rate band, by making interventions in the market whenever necessary.

Meanwhile, a restrained air of relief pervaded the banking sub-sector, following the successful conclusion of the special audit of banks exercise carried out by the CBN and the Nigerian Deposit Insurance Corporation (NDIC) examiners. Though the uncertainty over the state of affairs of banks was cleared, the credit crunch being experienced in the economy did not abate significantly especially as discussions on common financial year-end for Nigerian banks continued. In fact, banks were expected to step up the process of recalling matured credits in order to shore up their positions. As a corollary to this, the Economic and Financial Crimes Commission (EFCC) announced the recovery of ₦171.046 billion from debtors of 7 of the 8 banks with bad loan portfolios. The CBN is expected to complete the process by the second quarter of 2010.

During the period under review, the year-on-year inflation rate (for all Item Consumer Price Index) increased to 12.4% in November, from 11.6% and 10.4% recorded in October and September, respectively. This trend was attributed to the increasing cost of transportation in the country. Earlier on, speculations about Government's plan to deregulate the downstream sector had precipitated an upward review of the prices of petroleum products, thereby leading to scarcity of the commodity and thus compelling consumers to pay higher prices where the products were available.

Major cities across the country witnessed severe shortage of Premium Motor Spirit (PMS) at the pumps, and this left commuters stranded, businesses paralyzed and consumers hovering around few petrol stations that had the product. The Nigerian National Petroleum Corporation (NNPC) entered into agreement with some independent petroleum product marketers to use their facilities as retail outlets to sell petroleum products to consumers, thereby increasing its number of mega and floating stations to 37 and 12 respectively. Meanwhile, the Federal Government made investing in downstream petroleum sector, (particularly investments in refinery projects) a condition for issuance of oil licensing and renewal of concessions to International Oil Companies (IOCs). However, the gross domestic product (GDP) grew by 8.23% in the

fourth quarter of 2009, from 4.50, 7.22 and 7.07% in the first, second and third quarters respectively. This trend is expected to be sustained even as the global economy continues to show signs of recovery from the recent economic meltdown.

In the period under review, Nigeria dropped from the 121st position to 130th out of 180 countries ranked on the global Corruption Perceptions Index (CPI) by Transparency International (TI), a global anti-corruption watchdog based in Berlin, Germany. The survey measures domestic public sector corruption in selected countries. In the CPI 2009, Nigeria obtained a score of 2.5 out of a maximum of 10 marks to emerge 27th out of the surveyed 47 countries in Sub-Saharan Africa, and 33rd out of 53 countries in Africa. According to the survey, New Zealand emerged the most perceived corruption-free country at 9.4 to displace Denmark with a score of 9.3, while Somalia came last of the 180 countries surveyed.

OTHER DEVELOPMENTS IN THE FINANCIALSERVICES SECTOR

In an effort to strengthen the banking sub-sector in the wake of recent examination conducted by the CBN, bank chief executives met in Enugu to discuss the fate of the rescued banks, and how to further help them out of the crisis. At the meeting, the bank chiefs resolved to adopt strategies that will enable the banks get involved in big-ticket transactions and to attract more off- shore funding.

In December, the Senate approved the request of President Umaru Musa Yar'Adua's N31.038bn in the 2009 budget for eight ministries. These ministries are Niger Delta, Power, Science, Technology, Interior, Defence, Federal Capital Territory Authority, Aviation, Agriculture, and Water Resources.

President Umaru Musa Yar'Adua approved the appointment of two new Deputy Commissioners for the National Insurance Commission (NAICOM). The new appointees are Alhaji Ibrahim Hassan, from Bauchi State, as Deputy Commissioner (Technical Operations), and Mr. George Onekhena, from Edo State, as Deputy Commissioner (Finance and Administration). The Senate also confirmed the appointment of Ms. Arunma Oteh as the Director General of the Securities and Exchange Commission (SEC).

MONEY MARKET

Following the conclusion of the joint CBN/NDIC special audit of banks in the country, the CBN announced the removal of the Managing Directors and Executive Directors of three banks - BankPHB Plc, Spring Bank Plc and Equitorial Trust Bank Ltd. The banks were found to be deficient in the areas of liquidity, capital adequacy and corporate governance practice. Also, the apex bank ordered the removal of all Non-Executive Directors of Spring Bank Plc, and ordered the boards of Wema Bank Plc and Unity Bank Plc to recapitalise by June, 2010.

In a bid to enhance efficiency and reduce risks in the payment system, the CBN on the 14th of December, 2009 approved ₦10 million as the maximum amount for payment by cheques in Nigeria. This implies that any cheque with a face value exceeding ₦10 million will no longer be honoured by banks; instead such amounts should be paid through the Central Bank Inter-Bank Funds Transfer System (CIFTS) or Real Time Gross Settlement (RTGS), and Nigerian Inter-Bank Settlement System Electronic Fund Transfer (NEFT). This new rule became operational from 1st January, 2010. By limiting the amount of cheque payment through the banks, it is hoped that risks in clearing and settlement would be minimized and the payment system elevated to international standards. Also, the CBN streamlined the accounts of deposit money banks to 3 major accounts: current account, settlement account and cash reserve account. With effect from January 1, 2010, therefore, all banks operating in Nigeria must keep and operate these approved accounts to ensure efficient operation and effective reconciliation.

Meanwhile, the CBN granted licenses to two firms to provide automatic teller machine (ATM) services in the country. The licensed firms were Chams Access Nigeria Limited (a subsidiary of Chams Plc) and Cooperative Support Services. The new licensing brought the number of independent ATM deployers (IADs) to three. ATM Consortium Limited, a firm that had been operating for about six years, was the first firm to secure an independent ATM deployment license. Currently ATM users in the country exceed 30 million people, and monthly transactions on the existing 8,567 machines spread across the nation stood is over N100 million as at the end of the fourth quarter of 2009.

During the period being reviewed, the CBN dissolved the National Association of Microfinance Banks in Nigeria (NAMFBIN) and the Association of Microfinance Banks (AMFBIN). In view of this development, the CBN appointed Olubunmi Lawson, Managing Director/Chief Executive Officer of ACCION Microfinance Bank Limited and four other microfinance banks' executives to coordinate the affairs of member institutions in the sub-sector and see to the peaceful conduct of election of a viable national body that would help boost the MFBs in Nigeria.

In the same vein, the CBN also appointed seven institutions to act as financial advisers to the eight troubled money deposit banks. Of the seven institutions, only one is from Europe, while the others are indigenous firms/companies. These advisers are to work with the boards and management teams of the affected banks in exploring all feasible options for securing their stability and long-term growth, and also assist the banks to explore possibilities for institutionalising best practices and good corporate governance.

After its 66th Monetary Policy Committee Meeting held on November 3rd, 2009, the CBN reaffirmed its commitment to open markets and reforms by introducing an asymmetric corridor of interest rates around the MPR, which remained unchanged at 6%. The rate on standing lending facility would remain at 200 basis points above the MPR, while the rate on standing deposit facility would be 400 basis points below the MPR. Also, the gap between the current monetary aggregates and the benchmark levels for 2009 was estimated at about ₦500 billion.

In furtherance to this, quantitative modalities such as the establishment of an Asset Management Company (AMC), subject to the approval of the National Assembly, and investment in bonds issued by the CBN are to be applied in closing the gap. Other modalities include redemption of promissory notes issued by the Federal Ministry of Finance and the CBN in connection with the retirement of debt and liabilities arising from purchase and assumption of failed banks. However, purchase of loans by banks under the AMC would be based on terms aimed at strengthening banks' balance sheets, with a focus on asset quality, improving liquidity and capital adequacy as well as reducing debt overhang relating to the stock market in order to stimulate activities in the capital market.

CAPITAL MARKET

The Council of the Nigerian Stock Exchange (NSE) approved new and supplementary issues worth ₦18.975 billion for four companies, as part of efforts to deepen the stock market. The companies are C & I Leasing Plc, Resort Savings and Loans Plc, African Paints (Nig) Plc, and McNichols Consolidated Plc. C & I Leasing Plc applied for the placement of ₦2.240 billion Unsecured Floating Rate Redeemable Convertible Loan Stock 2009/2014, while African Paints Plc would place 130 million shares of 50 kobo each at par. Also, the NSE approved the listing by introduction of 13.176 billion shares of Resort Savings and Loans Plc at ₦1.25/share; another new company, McNichols Consolidated Plc is to list by way of introduction a total of 201.885 million shares at ₦0.98/share.

The global economic downturn dealt the NSE a hard blow, as it lost about ₦7.6 trillion (i.e. 60%) of its market value since the meltdown started in March, 2008. This collapse virtually crippled all segments of the Nigerian economy. By 2009 prices of shares quoted on the stock market had crashed by at least 400%, sending investors in the capital market into frenzied sale of their holdings. This weak performance of the Capital market continued throughout 2009, pruning the All Share-Index (ASI), which had stood at 31,450.78 in December, 2008, to 19,851.89 (36.88%), 26,861.55 (14.59%), 22,065.00 (29.84%) and further to 20,827.17 (33.78%) at the end of the first, second third and fourth quarters of 2009 respectively. Similarly, the market capitalization, which stood at ₦6.96 trillion in December, 2008 declined steadily to ₦4.989 trillion on December 31st, 2009. It is hoped that this bearish performance will change for the better in the light of the global economic recovery.

On the 25th of November, 2009, the CBN injected a total of ₦65.5 billion into the economy through the sale of Federal Government bonds. The bonds, which were sold on the government securities trading floor of the CBN, had three-year, five-year and 10-year tenors. The bid rates for the bonds varied between 5.40% and 12.25%, while the issue rates varied between 6.75% and 8.50%. The CBN also approved secondary market trading for all sub-national bonds, aimed at removing credit risk from secondary market transactions and ensuring confidence in the sub-national bond market. The new arrangement is expected to provide opportunity for investors to sell their investment holdings if and when they require their money back.

STOCK MARKET AT A GLANCE
TOP 5 STOCKS AS AT 31ST DECEMBER, 2009.

Company	Opening Price (^)	Closing Price(^)	Change (%)	Gain (₦)
Gainers				
Nigerian Breweries Plc	50.00	53.02	6.04	3.02
Nigerian Bottling Company Plc	19.43	21.42	10.24	1.99
Dangote Flour Mills Plc	8.71	9.93	14.01	1.22
Lafarge Cement Wapco	28.80	30.00	4.17	1.20
NNFM Plc	14.75	21.85	48.14	7.10
Losers				Loss (^)
Total Nigeria Plc	151.60	149.00	(1.72)	2.60
Alumaco Plc	29.16	27.71	(4.97)	1.45
Conoil Plc	29.08	27.63	(4.99)	1.45
UACN Property Development Company Plc	21.30	19.86	(6.76)	1.44
Flour Mills of Nigeria	37.00	36.00	(2.70)	1.00

Source: Financial Standard, January 11, 2010

MOST ACTIVE SECTORS (BY DEALS)

Sector	Number of Deals
Bagco Plc	3,559
First Bank of Nigeria Plc	1,866
GTBank Plc	1,004
Zenith International Bank Plc	625
UBA Plc	576
Dangote Flour Mills Plc	525
Union Bank of Nigeria Plc	432

Skye Bank Plc	392
Access Bank Plc	382
Japaul Oil and Maritime Services Plc	381

Source: Financial Standard, January 11, 2010

OIL & GAS

The much awaited deregulation of the downstream sector of the petroleum industry which was expected to commence in November 2009, was postponed, leading to a spate of scarcity of petroleum products, and the resultant hike in price. The delay was to allow the Government undertake wider consultations with labour unions, the organised private sector (OPS) and other interest groups before implementation. Meanwhile the Government, through the NNPC, ordered the importation of 90 cargoes of PMS, 28 cargoes of Dual Purpose Kerosene (DPK) and 10 cargoes of Automobile Gas Oil (AGO). This massive importation was intended to meet the expected increase in demand for petroleum products during the festivities at the end of the year. However, the Presidency and the Petroleum Products Pricing Regulatory Agency (PPPRA) withheld approval for the importation of petroleum products into the country by independent marketers pending the commencement of the deregulation programme in the sector.

ENERGY

Though the Federal Government disbursed \$4.6 billion for the financing of the Niger Delta Power Project and Mambila Power Project amongst others, in a bid to achieve the 6,000MW of electricity in the country by December 2009, critical areas of transmission and distribution of electricity remained in deplorable conditions. The Power Holdings Company of Nigeria (PHCN) was reported to require 750mscf per day, but was only getting about 230mscf of gas per day to generate between 2,500 and 3,000MW of electricity per day. Meanwhile, the Federal Government distributed 500KVA generators to 8 states that had been assessed to have started establishing enterprise zones. The states that benefited are: Imo, Ebonyi, Kogi, Bauchi, Bayelsa, Ekiti, Osun, and Kano. In addition to this gesture, it is expedient, that efforts are geared towards adequate provision of electricity for all the states, as this is indispensable to the achievement of the 7-point Agenda of the Federal Government.

Meanwhile, the much awaited 6000megawatts (MW) promised by the Federal Government could not be achieved by the end of the year largely due to gas shortage; by then the country could only generate 3,500mw of electricity. Though this was the highest in the past three years, it was grossly inadequate to meet industrial and domestic demands. Moreover, the country is known to have a generation capacity of 8,634MW and an available capacity to generate 5,000Mw, thereby justifying the clamour for a complete restructuring of the sector. However, the Federal Government took a major step towards sourcing for alternative power supply using nuclear energy as, it unveiled a 10-year strategic plan of action. In view of this, the country's nuclear power

programme is expected to generate an additional 1,000MW of electricity to the national grid within the next 10 years and up to 4,000MW by 2030.

TELECOMMUNICATION

The Nigerian Communication Commission (NCC) approved the new interconnectivity rate of ₦8.20 with effect from December 31st, 2009. The new rate is uniform across board and indicates a decrease of 29% from the previous rate of ₦11.55 earlier issued by the Commission in September, 2006. Another unique thing about the new rate is that unlike in the past where interconnectivity rates for fixed and mobile networks were different, the new rate is uniform across board because of the unified access licensing regime introduced in 2007. NCC also confirmed that the Nigerian telecommunication connection data base had risen to about 71.9 million subscribers as at October, 2009.

MACROECONOMIC INDICATORS FOR 2009.

S/N	INDICATORS	Q1	Q2	Q3	Q4
1	MPR (%)	9.75	8	6	6
2	CRR (%)	2	1	1	1
3	Inflation rate (%)	14.4	11.2	11	12.4
4	External reserve (\$ billion)	47	43.9	41.60	42.47
5	GDP (%)	4.50	7.22	7.07	8.23
6	Crude oil price (\$ bpd)	40	60	65	77.13
7	Exchange rate (₦/\$)	145	146.75	146.48	149.58
8	Currency in circulation (₦ trillion)	1.06	1.01	1.01	1.18

Sundry Sources: Releases from the Monetary Policy Committee meetings of the Central Bank of Nigeria (CBN), published news stories from the Federal Office of Statistics (FOS), news reports on the international oil markets as published by the dailies and indicators from the websites of key economy regulators.