

ECONOMIC REPORT FOR THE MONTH OF FEBRUARY 2003

1.0 SUMMARY

Provisional data indicated further increases in monetary aggregates in February 2003. Broad money stock (M_2) and narrow money (M_1) rose by 0.9 and 1.4 per cent, respectively, during the month. During the first two months of the year, M_2 grew by 1.5 per cent, while M_1 declined by 3.3 per cent, as against 15.0 and 13.8 per cent targets growth for 2003, respectively. The rise in M_2 in the review month was traceable largely to the increases in aggregate bank credit and foreign assets (net) of the banking system. Aggregate banking system's claims on the domestic economy rose by 1.0 per cent, in contrast to the decline of 7.6 in the preceding month. The rise reflected the increases in claims on both the private sector and the Federal Government with the former accounting for 86.2 per cent of the total increase.

Provisional data indicated that banks' interest rate developments in February 2003, were mixed. Bank deposit rates generally declined while the average prime lending rate rose. The spread between banks' weighted average deposit and maximum lending rates narrowed from 11.8 to 9.0 percentage points, while the margin between the weighted average savings deposit and maximum lending rates was 16.4 percentage points. The average inter-bank call rate fell to 15.26 per cent from 17.58 per cent in January, 2003.

The value of money market assets outstanding at end-February 2002 rose by 0.9 per cent from its level in the preceding month. The rise reflected the increases of 15.5 and 7.3 per cent in Commercial Papers (CPs) and Bankers Acceptances (BAs), respectively. No new issues of Nigerian

Treasury Bills (NTBs) were made during the month, but matured bills worth ₦144.1 billion were rolled over. Activities on the Nigerian Stock Exchange (NSE) showed mixed developments during the month as the value and volume of shares traded declined, while market capitalization and the price index rose.

Agricultural activities during the month were mainly pre-planting operations in the coastal areas of the southern states, while harvesting of irrigated crops dominated in the northern states. The price index of Nigeria's major agricultural commodities at the London Commodities Market, rose by 10.1 and 60.6 per cent, in dollar terms, over the level in the preceding month and the corresponding period of 2002, respectively. The inflation rate, estimated at 12.4 per cent, was up by 0.1 percentage point from 12.3 per cent recorded in January 2003. Estimated crude oil output, including condensates and natural gas, was 2.28 million barrels per day (mbd) or 63.84 million barrels for the month. Crude oil exports were estimated at 1.83 mbd or 51.24 million barrels for the month, indicating a decline of 1.1 per cent from the level recorded in January 2003. Deliveries of crude oil to refineries for domestic consumption, however, remained at 0.45 million barrels per day or 13.95 barrels for the month. The average price for Nigeria's reference crude, Bonny Light (37°API), rose by 3.3 per cent over its level in January, 2003.

Foreign exchange flows through the Central Bank of Nigeria (CBN) indicated an inflow of US\$1,322.76 million and outflow of US\$1,164.06 million, resulting in a net inflow of US\$158.70 million during the

month. Foreign exchange sales to authorized dealers by CBN rose to US\$747.73 million from US\$732.58 million in January 2003. The weighted average exchange rate of the naira vis-à-vis the US dollar depreciated by 0.4 per cent from ₦127.32 per dollar in January 2003 to ₦127.79 per dollar in February. Similarly, the rates in the parallel market and bureaux de change, depreciated from ₦139.24 and ₦139.82 per dollar in January 2003 to ₦139.50 and ₦140.0 per dollar, respectively, in February. Nigeria's gross external reserves rose by 8.0 per cent to US\$7,657.5 million at end-February, 2003.

On the international scene, total world oil output fell by 0.2 per cent from the preceding month's level, while demand exceeded supply by 1.70 mbd, compared with an excess demand of 1.40 mbd in the preceding month. Other major international economic developments that influenced the domestic economy during the month included: the 4th meeting of the Legal and Institutional Issues Committee of the West African Monetary Institute (WAMI) was held in Accra, Ghana in February 2003 to examine the Draft Revised Statute of the West African Central Bank (WACB) as directed by the Convergence Council of the West African Monetary Zone (WAMZ) during its meeting at Accra, Ghana in June 2002. Also, in a recent meeting in Abuja, the vice President of the International Fund for Agriculture Development (IFAD) disclosed that IFAD plans to extend \$25.0 million facility for community development projects in Niger Delta, while additional \$15.0 million is expected to be approved to support the Federal Government's programmes in poverty alleviation in rural areas. Furthermore, at a recent meeting in Abuja, the Honourable Minister of Finance and the World Bank Country Director for

Nigeria signed two agreements for new World Bank credits valued at \$237.0 million (₦30.22 billion) for community based and urban health system development projects in Nigeria. In addition, the European Union (EU) granted euro 235 million for economic integration and trade-related activities in the ECOWAS sub-region. Of the sum, Euro 118.0 is committed to the support of integration programmes as well as transportation, conflict prevention and resolution. In another development, the UNDP announced a grant of US\$1.9 million in support of the New Partnership for Africa's Development (NEPAD). Finally, Nigeria and Uganda signed three instruments of bilateral cooperation on 14th February 2003, namely, the Bilateral Trade Agreement (BTA); Investment Promotion and Protection Agreement (IPPA); and Technical Cooperation for private and public sector interactions in both countries, while enhancing national capacities to achieve sustainable economic growth.

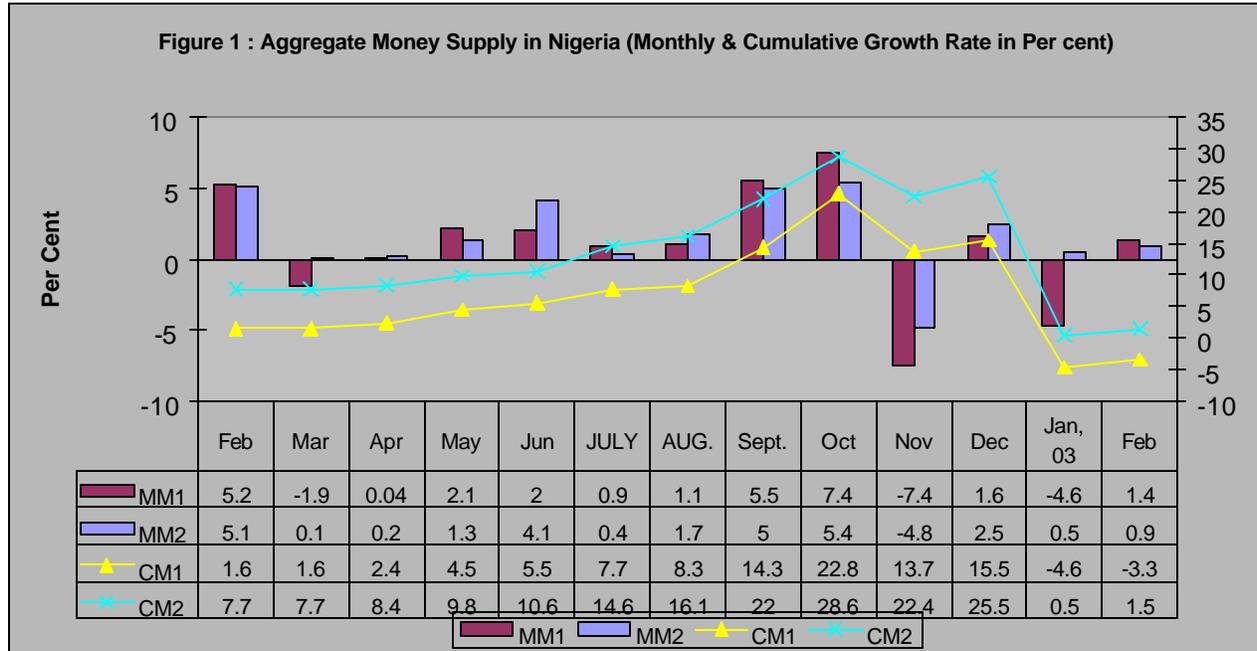
2.0 FINANCIAL SECTOR DEVELOPMENTS

Broad money supply (M_2) showed an upward movement in February 2003. Bank deposit rates generally declined while average prime lending rates rose. The activities on the Nigerian Stock Exchange (NSE) exhibited mixed developments during the month with volume and value of traded securities declining while market capitalization and value index increased. Developments in the money market continued to be influenced largely by the state of liquidity in the banking system.

2.1 Monetary and Credit Developments

Provisional data indicated further increases in monetary aggregates in February, 2003. Broad money supply (M₂)

a decline of ₦87.4 billion or 7.6 per cent in the preceding month. The rise reflected the increases in claims on both the private sector and the Federal Government, with the former accounting for 86.2 per cent of the total increase.



rose by ₦15.7 billion or 0.9 per cent to ₦1,689.4 billion, compared with the increases of 0.5 and 5.1 per cent in the preceding month and corresponding period of 2002, respectively. The rise reflected largely the increase in narrow money supply (M₁), which rose by ₦13.2 billion or 1.4 per cent to ₦978.4 billion, in contrast to the decline of ₦46.6 billion or 4.6 per cent in the preceding month. The rise in M₁ was influenced largely by increases in aggregate domestic credit and foreign assets (net) of the banking system. In the first two months of the year, M₂ grew by 1.5 per cent, implying an annualized growth rate of 9.0 per cent, compared with the 15.0 per cent target for fiscal 2003.

Aggregate bank credit (net) to the domestic economy rose by ₦10.9 billion or 1.0 per cent in February 2003, in contrast to

Banking system's net claims on the Federal Government rose by ₦1.5 billion or 97.0 per cent, in contrast to the decline of ₦187.2 billion or 99.2 per cent in the preceding month. The increase in the review month was attributable entirely to deposit money banks' claims. In the first two months of the year, the Federal Government increased its deposits with the CBN, while its indebtedness to the deposit money banks declined during the same period.

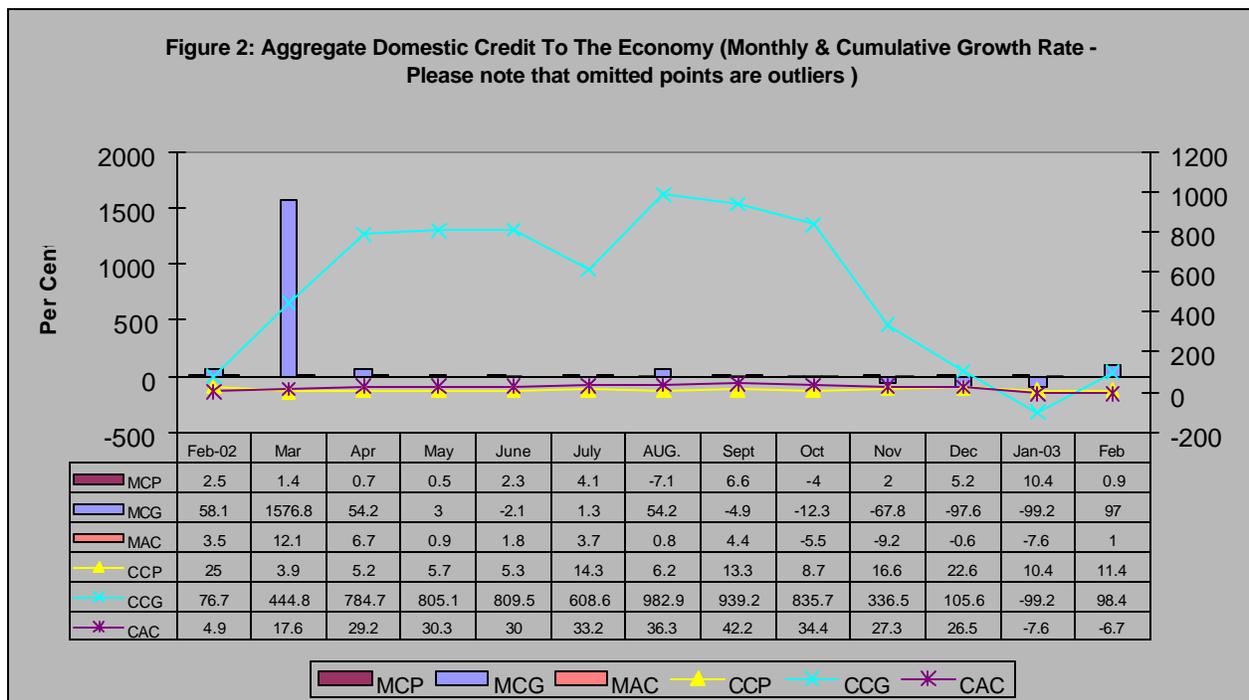
Private sector credit rose by ₦9.4 billion or 0.9 per cent in February 2003, reflecting the increase in deposit money banks' claims on the sector. In the first two months of the year, private sector credit grew by 11.4 per cent, implying an annualized growth rate of 68.4 per cent, compared with the 32.3 per cent target for fiscal 2003.

At ₦1,436.6 billion, foreign assets (net) of the banking system rose by ₦4.0 billion or 0.3 per cent, compared with the increase of ₦139.1 billion or 10.8 per cent in the preceding month. The rise during the month was attributable to the increase in Central Bank foreign assets (net). In the first two months of the year, the foreign assets (net) of the banking system rose by ₦143.1 billion or 11.1 per cent, in contrast to the decline of 8.3 per cent in the corresponding period of 2002.

5.5 per cent recorded in the preceding month. The increase was traceable to increases in unclassified assets of both the deposit money banks and the CBN.

2.2 Currency-in-circulation and Deposits at CBN

At ₦451.4 billion, currency in circulation in February 2003 declined by ₦10.1 billion or 2.2 per cent from the January 2003 level, but increased by ₦39.6 billion or 9.6 per cent over the level in the



Quasi-money rose by ₦2.5 billion or 0.4 per cent to ₦711.0 billion in February, 2003. The increase reflected the rise in both savings and foreign currency deposits of the deposit money banks during the period. In the first two months of the year, quasi-money increased by ₦57.8 billion or 8.8 per cent.

corresponding month of 2002. The development during the month was traceable entirely to vault cash, which declined by 3.6 per cent from the preceding month's level. Currency outside the banking system, however, rose by 3.0 per cent during the same period.

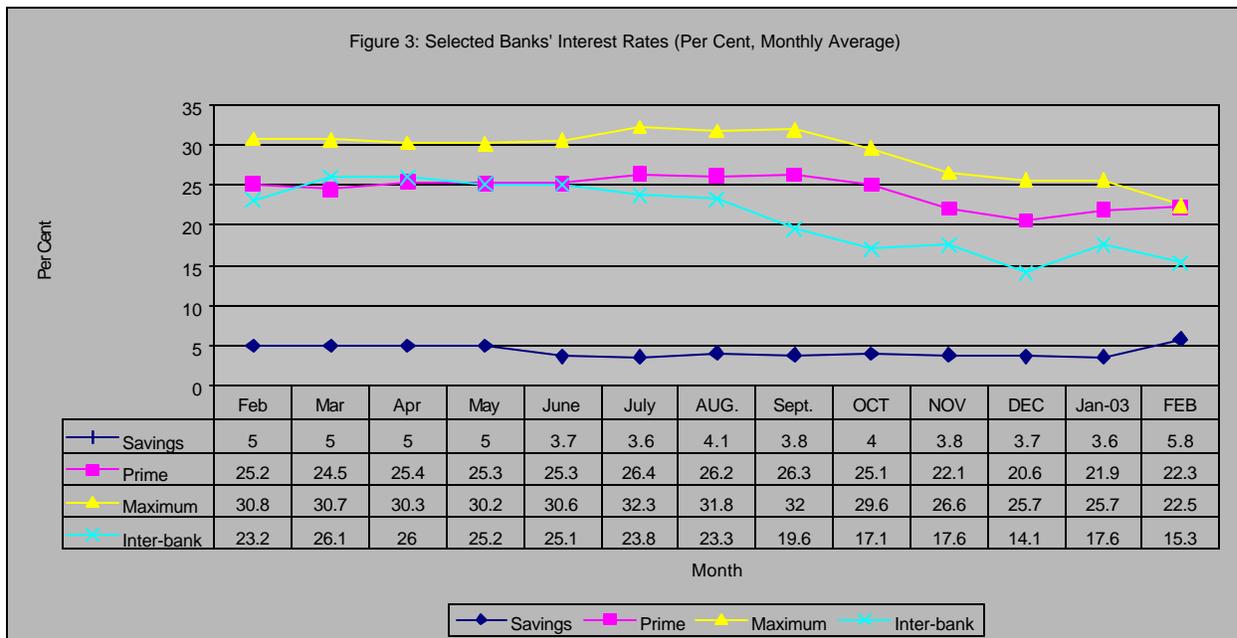
Other Assets (net) of the banking system increased marginally by ₦0.8 billion or 0.1 per cent in the review month, in contrast to the decline of ₦42.9 billion or

Total deposits at the CBN amounted to ₦841.7 billion, indicating an increase of ₦147.3 billion or 21.2 per cent over the preceding month's level, but a decline of ₦151.2 billion or 15.2 per cent from the

level in the corresponding period of 2002. The rise during the month resulted from the significant increase of ₦21.5 billion or 20.9 per cent in private sector deposit. The shares of Federal Government, Bankers and “others” in total deposits at the CBN were 64.2, 21.0 and 14.8 per cent, respectively, compared with 66.8, 21.2 and 12.0 per cent in January 2003.

deposit and maximum lending rates narrowed from 11.8 per cent in January 2003 to 9.0 percentage points, while the margin between the average savings deposit and maximum lending rates was 16.7 percentage points.

The average inter-bank call rate which stood at 17.58 per cent in January, declined to 15.26 per cent in the review month. The



2.3 Interest Rate Developments

Provisional data indicated general declines in banks' deposit rates in February, 2003. With the exception of the average savings deposit rate which trended upward from 3.6 per cent in the previous month to 5.8 per cent, all other rates on deposits of various maturities declined from a range of 9.3 – 15.8 per cent in January to a range of 8.5 – 15.2 per cent in the review month. The average prime lending rate, however, rose by 0.4 percentage point to 22.3 per cent, while the average maximum lending rate fell from the previous month's level of 25.7 per cent to 22.5 per cent. Thus, the spread between the weighted average

observed movement in the call rate reflected the liquidity surfeit in the banking system during the review period.

2.4 Money Market Developments

The value of total money market assets outstanding at end-February, 2003 rose by ₦7.1 billion or 0.9 per cent to ₦808.8 billion, in contrast to a decline of ₦14.2 billion in the preceding month. The rise reflected the increases of 15.5 and 7.3 per cent in Commercial Papers (CPs) and Bankers' Acceptances (BAs), respectively. The levels of Eligible Development Stocks (EDS) and Treasury Bills outstanding, however, remained unchanged at the

preceding month's levels of ₦2.4 billion and ₦733.8 billion, respectively.

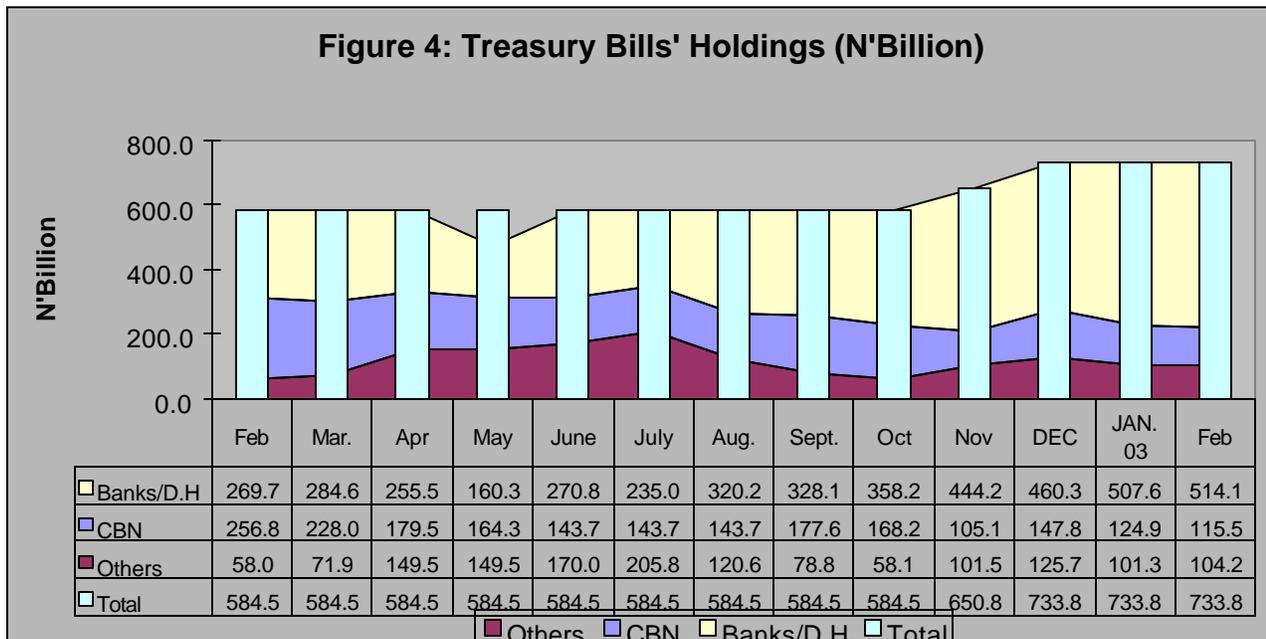
Treasury bills worth ₦144.1 billion were re-issued to replace matured bills of the same value, compared with ₦299.7 billion re-issued in the preceding month. Analysis of the total amount rolled over during the month indicated that deposit money banks and discount houses subscribed ₦64.7 billion or 44.9 per cent, while "other" investors subscribed ₦27.8 billion or 19.3 per cent. The balance of ₦51.6 billion or 35.8 per cent was absorbed by the CBN, compared with ₦111.8 billion or 37.3 per cent in the preceding month.

2.5 Capital Market Developments

Activities on the Nigerian Stock Exchange (NSE) indicated mixed developments in February 2003. Provisional data indicated that the volume and value of traded securities declined, while market capitalization and value index increased, compared with their levels in the preceding month. At 596.8 million shares and ₦5.9 billion, the volume and value of traded securities fell by 35.8 per cent and 45.9 per cent, respectively, from 928.4 million shares and ₦10.9 billion recorded in January 2003.

Analysis of the transactions indicated that the banking sub-sector remained the

Figure 4: Treasury Bills' Holdings (N'Billion)



A breakdown of outstanding treasury bills holding indicated that deposit money banks and discount houses jointly accounted for ₦514.1 billion or 70.1 per cent, while holdings by "other" investors amounted to ₦104.2 billion or 14.2 per cent, compared with ₦101.3 billion in the preceding month. Thus, Central Bank's holding declined from ₦124.9 billion in January 2003 to ₦115.5 billion in February, representing 15.7 per cent of the total.

most active in the market, while government and industrial stocks recorded no transactions during the month. Market capitalization and value index rose by 1.6 and 3.3 per cent, respectively, over their January 2003 levels of ₦840.1 and 1,3238.0 to close at ₦853.3 billion and 1,3668.8, reflecting increased patronage by the investing public, arising from sustained price gains in the equities sector of the market.

2.6 Deposit Money Banks' Activities

Total assets/liabilities of deposit money banks (DMBs) in February, 2003 stood at ₦2,793.6 billion, representing increases of ₦50.4 billion or 1.8 per cent and ₦87.8 billion or 3.2 per cent over the levels in preceding month and end-December 2002, respectively. Funds were sourced mainly from time, savings and foreign currency deposits, while the major uses of funds included settlement of unclassified liabilities.

Available data indicated that aggregate credit to the domestic economy by deposit money banks at the end of February 2003 amounted to ₦1,290.5 billion, representing an increase of ₦8.5 billion or 0.7 per cent over the level in the preceding month, but a decline of ₦11.7 billion or 0.9 per cent from end-December, 2002 level. The breakdown showed that credit to the private sector increased by ₦9.5 billion or 0.9 per cent, in the review period to ₦1056.3 billion, while credit to the Federal Government declined by ₦1.0 billion or 0.4 per cent. Credit to state and local governments declined by ₦0.6 billion or 1.7 per cent during the same period.

Central Bank's credit to deposit money banks (DMBs) amounted to ₦5.4 billion, representing declines of ₦9.1 billion, or 62.8 per cent and ₦16.8 billion or 75.6 per cent from its level in the preceding month end-December, 2002 level, reflecting largely the fall in CBN's facilities to the banks during the review month.

Total specified liquid assets of deposit money banks stood at ₦786.1 billion or 55.3 per cent of their total deposit liabilities. This level of assets was 1.9 per cent below preceding month's level, but

15.3 percentage points above the minimum target of 40.0 per cent for fiscal 2003.

2.7 Discount Houses

Total assets/liabilities of the discount houses amounted to ₦57.5 billion in February, 2003, indicating increases of ₦9.3 billion or 19.3 per cent and ₦43.0 billion or 297.8 per cent over the levels in the preceding month and corresponding month of 2002, respectively.

Investments in Federal Government securities of less than 91 days maturity amounted to ₦40.8 billion, representing 93.0 per cent of discount houses' total deposit liabilities. This represented 5.0 and 33.0 percentage points above the levels in the preceding month and the minimum level of 60.0 per cent prescribed for fiscal year 2003.

Total borrowings amounted to ₦16.1 billion, while capital and reserves was ₦6.5 billion, resulting in a gearing ratio of 2.5:1, compared with the prescribed ratio of 50:1.

3.0 DOMESTIC ECONOMIC CONDITIONS

The major agricultural activities during the review month consisted of pre-planting operations and harvesting of irrigated crops in various parts of the country. In the livestock sub-sector, rearing of table birds was intensified for Easter sales. Inflationary pressure rose marginally by 0.1 percentage point to an estimated level of 12.4 per cent, up from 12.3 per cent recorded in the preceding month. Crude oil output fell by 0.9 per cent from end-January 2003 level of 2.30 mbd.

3.1 Agricultural Sector

In the coastal areas, pre-planting operations dominated agricultural activities, following early rains, while harvesting of irrigated crops dominated activities in the Northern part of the country. In the livestock sub-sector, farmers intensified the rearing of broilers and pullet chicken for sales during the Easter celebrations.

The prices of Nigeria's major agricultural commodities at the London Commodity Market indicated upward trend during the month. The all-commodity price index, at 119.0 (1985=100), in dollar terms, rose by 10.1 and 60.6 per cent over the levels in January 2003 and corresponding month of 2002, respectively. In naira terms, the index, at 10314.7 (1985=100), however, declined by 16.5 per cent from the level in the preceding month, but rose by 41.9 per cent over the level in the corresponding period, a year earlier.

Of the six commodities monitored during the month, five (5), namely, coffee, cocoa, cotton, copra and soya bean recorded price increases, in dollar terms, of 52.9, 11.9, 3.8, 0.9 and 0.5 per cent, respectively, over the preceding month's levels, while palm oil recorded a price decline of 0.2 per cent during the same period. When compared with the corresponding month of 2002, five (5) of these commodities, namely, cocoa, cotton, palm oil, copra and soyabean recorded price increases of 64.4, 39.7, 37.5, 35.8 and 24.9 per cent, respectively, while coffee recorded a price decline of 19.0 per cent during the same period.

In naira terms, copra, palm oil, soya beans and cotton recorded price increases of 0.2, 0.2, 0.3 and 3.0 per cent, respectively, while cocoa and coffee recorded price declines of 16.5 and 19.4 per

cent respectively, over their levels in the preceding month. When compared with their levels in the corresponding month of 2002, all commodities, except copra and coffee recorded varying degrees of price increases.

3.2 Petroleum Sector

Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at 2.28 million barrels per day (mbd) or 63.84 million barrels for the month, indicating a decline of 0.9 per cent from the preceding month's level of 2.30 million barrels per day (mbd). The fall in output was attributable mainly to compliance with OPEC's new quota allocation. The share of the country's production in total OPEC's output was estimated at 8.0 per cent, compared with 7.4 per cent in the preceding month. Crude oil exports were estimated at 1.83 million barrels per day (mbd) or 51.24 million barrels for the month, indicating a decline of 1.1 mbd from the level in January, 2003. Deliveries of crude oil to the refineries for domestic consumption, however, remained at 0.45 million barrels per day (mbd) or 13.95 million barrels for the month.

Crude oil prices recorded significant increases over the levels in the preceding month, in both the spot and net-back markets, following the high demand for heating oil due to severe winter in the Northern Hemisphere as well as the tension in the Persian Gulf. The average price of Nigeria's reference crude, the Bonny Light (37⁰ API), at \$32.90 a barrel, indicated a rise of 3.3 per cent over its level in January 2003, in the spot market. Similarly, the average prices of other competing brands of crude namely: the UK Brent and the West Texas Intermediate (WTI), rose from \$31.31 and \$32.72 a barrel, in January 2003, to \$32.89 and \$35.90 a barrel, respectively. In

the European net-back market, the Bonny Light was sold for \$43.31 a barrel, representing an increase of 28.1 per cent over the average price in January, 2003, while the UK Brent and the WTI were sold for \$42.48 and \$44.10 a barrel, respectively, compared with \$33.30 and \$35.30 a barrel in the preceding month.

3.3 Consumer Prices

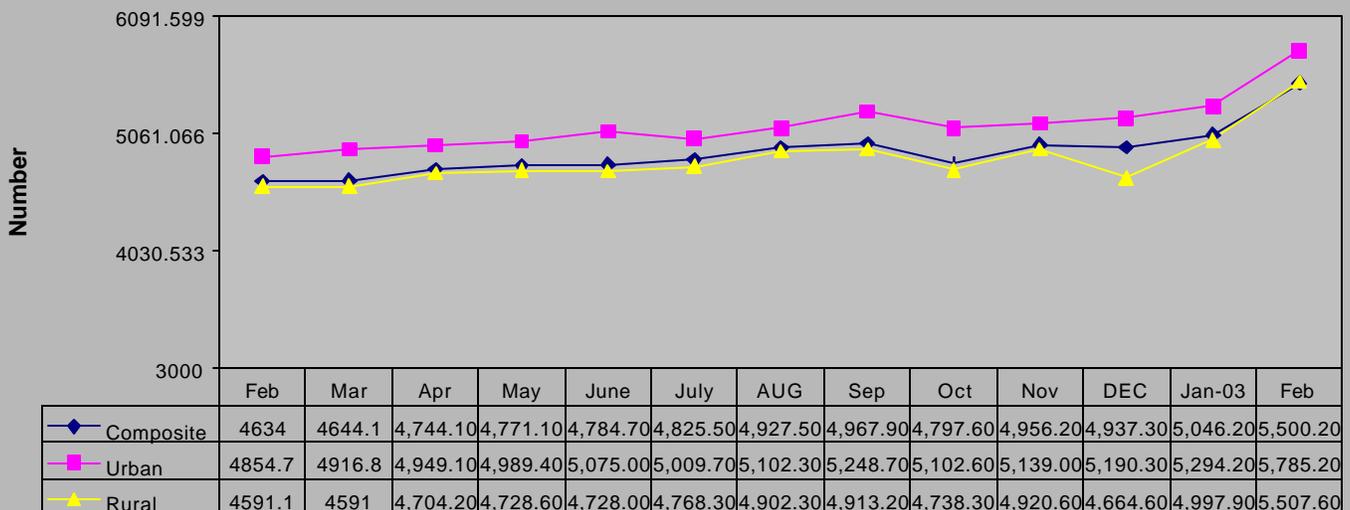
Data from the Federal Office of Statistics (FOS) indicated that the all-items composite Consumer Price Index (CPI) in February 2003 was estimated at 5,500.2 (1985 = 100). This represented increases of 9.0 and 18.7 per cent over the levels in the preceding month and corresponding month of 2002, respectively. The development during the month was attributable to the rise in the indices of all the components, namely, food; drinks, tobacco and kola; clothing and footwear; accommodation, fuel and light; household goods; medical care and health expenses; transportation; recreation,

18.3, 0.6, 0.2, 25.5, 0.1 and 0.7 per cent, respectively. When compared with their levels in the corresponding month a year earlier, all the components recorded price increases ranging from 11.2 per cent for household goods to 43.4 per cent for other services.

The urban all-items CPI estimated at 5,785.2 (1985=100) in February 2003, showed increases of 9.3 and 19.2 per cent over the levels in the preceding month and corresponding period of 2002, respectively. Similarly, the rural all-items CPI for February 2003 which was estimated at 5,507.6 (1985=100), exhibited the same trend as observed in the urban centers when compared with the levels in the preceding month and the corresponding month of 2002, though at slightly higher rates.

Available information based on retail price surveys in some locations within the Lagos area and the Zonal Offices of the Central Bank of Nigeria indicated an

Figure 5 : Monthly Consumer Price Indices in Nigeria (1985 = 100)



Source: Federal Office of Statistics (FOS), Lagos

entertainment, education and cultural services; and other services by 6.0, 0.1, 0.3,

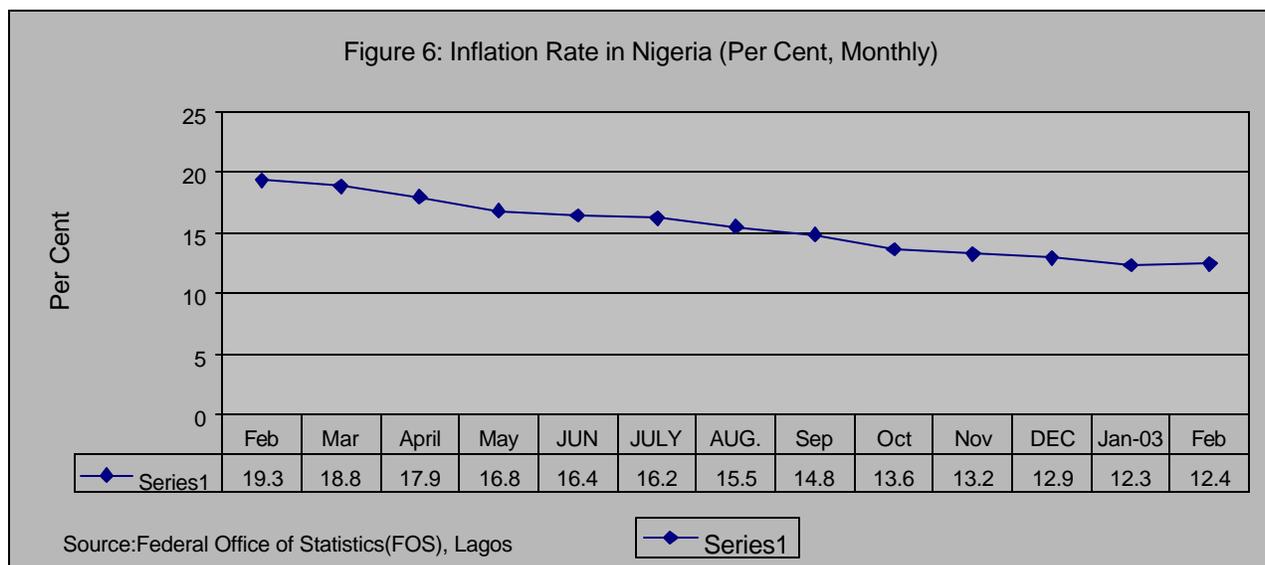
increase in the all-items average prices in February 2003 of 1.48 per cent, compared

with 1.07 per cent recorded in January, 2003. The rise during the month was attributable to the increases in the indices of meat, fish, and eggs; oil and fat; vegetable, fruits and nuts; clothing and fabrics; fuel and light; medical; and building materials by 0.88, 4.28, 1.56, 1.42, 0.63, 0.07, and 2.17 per cent, respectively, while the indices of staples; and beverages and drinks recorded declines of 0.79 and 1.61 per cent, respectively. There were price increases of 1.60, 0.86, 0.87, 1.40 and 1.49 per cent in Bauchi zone, Enugu zone, Ibadan zone, Kano zone and Lagos area, respectively, over the preceding month's levels.

The inflation rate, estimated at 12.4 per cent for the twelve-month period ended February 2003, was up by 0.1 percentage point from 12.3 per cent recorded in January

Bank of Nigeria (CBN) amounted to US\$1,322.76 million and US\$1,164.06 million, respectively, indicating a net inflow of US\$158.70 million. Compared with the levels of US\$1,125.70 million and US\$1,417.09 million in January 2003, inflow rose by 17.5 per cent, while outflow declined by 17.9 per cent. The rise in inflow was accounted for by the increase in oil export receipts, which rose from US\$814.27 million in January 2003 to US\$998.71 million in February. At US\$2,448.46 million and US\$2,581.15 million, cumulative inflow and outflow through the Central Bank from January to February 2003, were 44.4 and 13.2 per cent higher than their levels in the corresponding period of 2002.

Data on foreign exchange flows through the economy in the month of



2003, reflecting largely the depletion of stocks of food stuff with the advent of the planting season.

4.0 EXTERNAL SECTOR DEVELOPMENTS

4.1 Foreign Exchange Flows

In February 2003, foreign exchange inflow and outflow through the Central

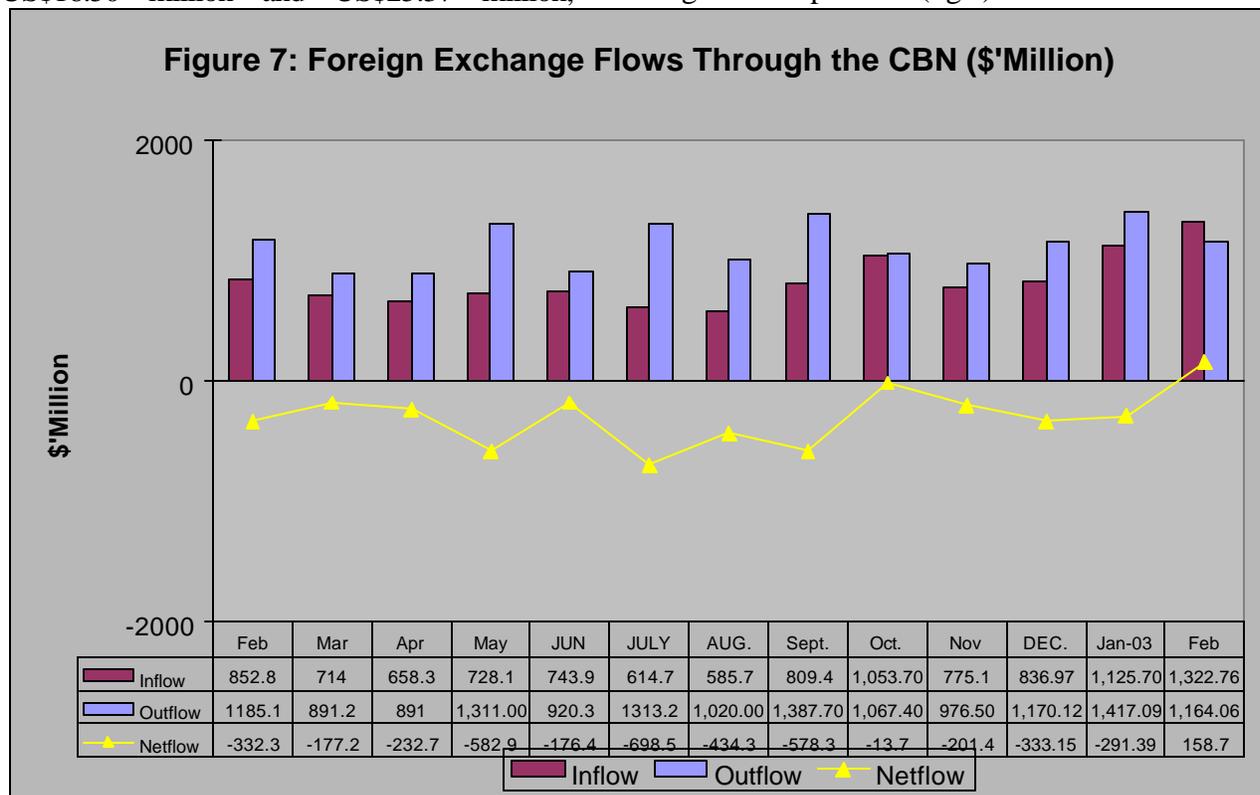
Bank of Nigeria (CBN) indicated that total inflow was US\$1,721.74 million, up by 8.3 per cent from the level in the preceding month. Receipts from the oil sector rose by 22.7 per cent to \$998.71 million, constituting 58.0 per cent of total inflow during the month, while non-oil public sector receipts amounted to \$324.05 million representing 18.8 per cent of the total. Inflow through the autonomous sources stood at US\$398.98

million or 23.2 per cent of the total. At US\$1,228.72 million, aggregate exchange outflow from the economy showed a decline of 17.3 per cent from US\$1,485.41 million in January 2003. The fall was attributable to the sharp declines in disbursements for “other official payments” and external debt service payments by 31.4 and 83.0 per cent, respectively, during the month. Specifically, disbursements in respect of parastatals and Estacodes; and International Organizations and Embassies fell from US\$201.94 million and US\$92.62 million in January 2003 to US\$16.50 million and US\$25.37 million,

US\$2,429.02 and US\$2,390.30 million in the corresponding period of 2002.

4.2 Sectoral Utilisation of Foreign Exchange

The industrial sector accounted for the bulk (39.4 per cent) of total foreign exchange disbursed in February 2003, followed by general merchandise, which had 14.9 per cent. Other beneficiary sectors, in a descending order of importance, included: invisibles, food, transportation and agricultural products (fig.8).



respectively, in February 2003. Disbursements in respect of NNPC/JVC cash calls, however, rose from US\$173.19 million in January 2003 to US\$267.92 million in February. The cumulative inflow and outflow through the economy during the first two months of 2003 amounted to US\$3,311.18 million and US\$2,714.13 million, respectively, compared with

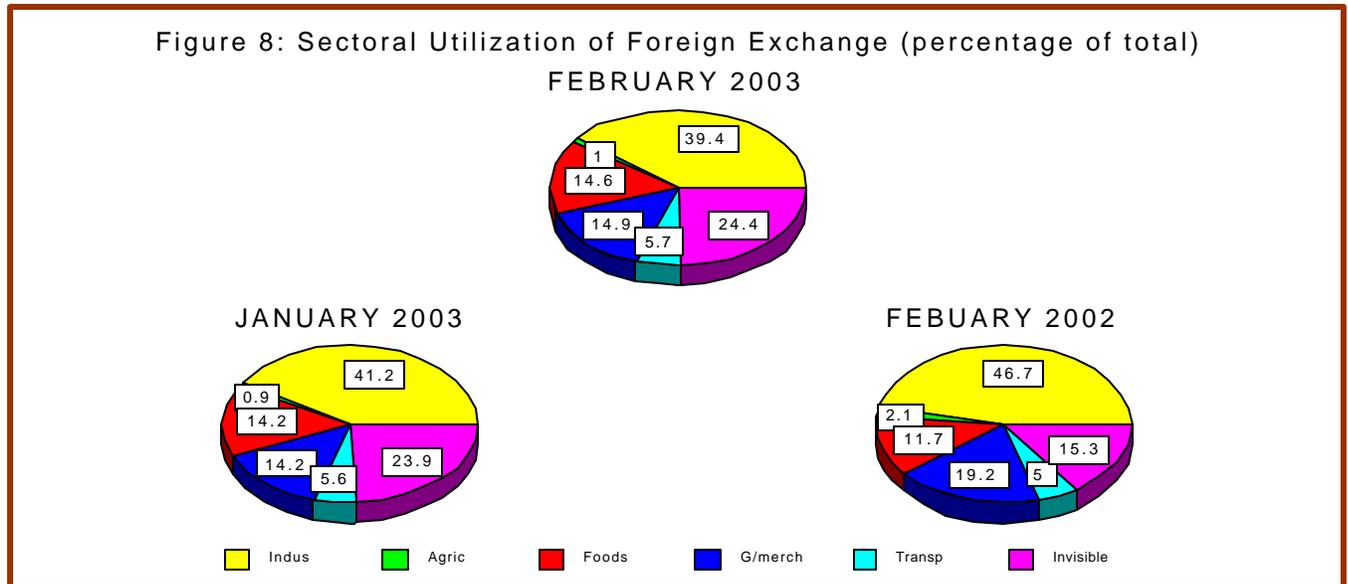
4.3 Foreign Exchange Market Developments

The demand pressure in the Foreign Exchange Market (FEM) intensified in February, 2003. The sum of US\$747.73 million was sold to end-users through the authorized dealers, compared with US\$732.58 million in the preceding month. The weighted average exchange rate of the naira vis-à-vis the US dollar depreciated by

0.4 percent from ₦127.32 per dollar in January 2003 to ₦127.79 per dollar in February. Similarly, the rates in the parallel market and the bureaux de change depreciated from ₦139.24 and ₦139.82 per dollar to ₦139.50 and ₦140.00 per dollar, respectively, during the same period. Overall, the premium between the official and parallel market rates narrowed to 9.4 per

level of 76.20 mbd, while estimated demand exceeded supply by 1.70 mbd, compared with an excess demand of 1.40 mbd in the preceding month. The increase in demand reflected largely the high demand for heating oil following the severe winter in the Northern Hemisphere.

Other major international economic



cent in February, down from 9.5 in January 2003.

4.4 External Reserves

Nigeria's gross external reserves at end-February 2003 amounted to US\$7,657.5 million, representing an increase of 8.0 per cent over the preceding month's level of US\$7,087.84 million. At current foreign exchange commitments, the resources could finance about 6.2 months of imports as against 4.8 months in the preceding month.

5.0 OTHER INTERNATIONAL ECONOMIC DEVELOPMENTS

World crude oil output, at 76.05 million barrels per day (mbd), fell further by 0.2 per cent from the preceding month's

developments of relevance to the domestic economy during the month included: the 16th meeting of the technical group of the inter-governmental group of twenty-four (G-24) on international monetary affairs and development held in Port of Spain, Trinidad and Tobago in February, 2003 to articulate member countries' position for April 2003 G-24 and World Bank meetings. The technical group resolved that future research studies of the G-24 would lay emphasis on some identified current priority issues affecting the Group, such as, low level of Official Development Assistance (ODA); limited liberalization of agricultural trade and phasing out of agricultural subsidies; increase in voice and influence of developing countries in the Bretton Woods Institutions as well as enhance the upward

mobility of African staff in those institutions.

In a related development, the 4th meeting of the legal and institutional issues committee of the West African Monetary Institute (WAMI) was held in Accra, Ghana in February, 2003 to examine the Draft Revised Statute of the West African Central Bank (WACB) as directed by the Convergence Council of the West African Monetary Zone (WAMZ) during its meeting in Accra, Ghana in June, 2002.

Also, in a recent meeting in Abuja, the Vice President of the International Fund for Agricultural Development (IFAD) disclosed that IFAD plans to extend \$25 million facility for Community Development Projects in the Niger Delta, while an additional \$15.0 million was expected to be approved to support the Federal Government's programmes in poverty alleviation in rural areas. He indicated that Niger Delta was chosen to encourage increased food production and agricultural raw materials in the area in order to ameliorate some effects of environmental pollution. IFAD has implemented 88 projects worth \$144 million in Nigeria since 1985.

Furthermore, at a recent meeting in Abuja, the Honourable Minister of Finance and the World Bank Country Director for Nigeria signed two agreements for new World Bank credits valued at \$237.0 million (₦30.22 billion) for community-based and urban health system development projects in Nigeria. The two credits would be repayable in 30 years, with 10 years grace period, with a service charge of 0.75 per cent. The World Bank Country Director reiterated the Bank's commitment to support economic and social development in the country.

In addition, the European Union (EU) granted Euro 235 million for economic integration and trade-related activities in the ECOWAS sub-region. About Euro118.0 million of the total sum is committed to the support of integration programmes, while Euro 82.0 million and Euro 35.0 million are to be allocated to transportation, conflict prevention and resolution, respectively. The Executive Secretary of ECOWAS indicated that the grant was part of a five - year (2003-2007) Regional Indicative Programme under the Ninth European Development Fund (EDF) project.

In another development, the UNDP announced a grant of US\$1.9 million in support of the New Partnership for Africa's Development (NEPAD). The contribution is part of the \$3.5 million funding programme from donor agencies. The NEPAD initiative was designed to raise living standards through qualitative education and health delivery system, improve governance as well as global trading and financing terms for Africa's commodities.

Finally, Nigeria and Uganda signed three instruments of bilateral cooperation on 14th February, 2003, namely: the Bilateral Trade Agreement (BTA); Investment Promotion and Protection Agreement (IPPA); and Technical Cooperation in Science and Technology. The agreements are to provide vast opportunities for private and public sector interactions in both countries, while enhancing national capacities to achieve sustainable economic growth. The signing of the pact indicated the level of commitment by the two countries to propagate the ideals and objectives of the New Partnership for Africa's Development (NEPAD) and the African Union (AU).

