

Weekly Economic & Business Review

FEBRUARY 16, 2009

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- FG Plans Financial Autonomy for Refinery Managers
- FG Sets-up Committee on Port Charges, as Licensed Customs Agents Suspend a 3-day Strike Action
- FG to Re-brand Nigeria, Abandons 'Heart of Africa Project'
- FG to Phase-Out Primary and JSS Curricula
- FG Pursues Revenue From Tax, Sets Up Special Tribunals
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FG has set a time frame for Ministries, Departments and Agencies (MDAs) to prepare and award contracts to ensure speedy implementation of the 2009 budget. Under the new rule, contracts which involve bids from local firms must be prepared and awarded within 17 weeks (four months), while contracts involving international bidding must have a time frame of 23 weeks (six months).

FG has disclosed plans to empower refinery managers in the country to carry-out routine facility maintenance without recourse to the Nigerian National Petroleum Corporation (NNPC) for approval. The autonomy is expected to enhance the process of turn-around maintenance of the refineries and improve efficiency, as well as availability of petroleum products across the country. The current financial arrangements do not allow the managers to spend up to \$50,000 on maintenance.

FG has set-up a committee to assess and appraise the various port charges, as well as other bottlenecks at the country's seaports. Members of the 7-man committee were drawn from the Nigerian Ports Authority (NPA), Nigerian Shippers Council (NSC), Council for the Regulation of Freight Forwarding in Nigeria (CRFFN), Shipping Association of Nigeria (SAN) and terminal operators. Meanwhile, the association of licensed customs agents has suspended a 3-day strike action, which grounded operations at the Lagos sea ports, citing national interest as reason.

FG has commenced a new initiative to re-brand the country's image to change the negative perception of its citizens. The earlier initiative Heart of Africa Project (HAP) - launched in 2004, has been abandoned due to some inherent flaws. Minister of Information and Communications, Prof. Dora Akunyili, stated that the new project would adopt a Public Private Peoples' Partnership approach and would be home grown, unlike HAP, which was launched overseas. Moreso, the name - Heart of Africa is considered contentious, as other African countries lay claims to being heart of Africa.

FG has disclosed plans to phase-out the old primary and Junior Secondary School (JSS) curricula due to introduction of the 9-year basic education curriculum. The new curricula would emphasis reading, writing and arithmetic in promoting the culture of literacy, numeracy and future academic excellence of youths.

FG has indicated plans to boost its revenue from taxes and improve the collection mechanism. Special tribunals have been inaugurated to prosecute tax evaders and address complaints from tax payers.

FG has disclosed plans to launch a national campaign on Made-in-Nigeria goods to encourage local manufacturers, boost production, as well as conserve foreign exchange. The campaign would be geared towards sensitizing Nigerians on the need to consume locally-manufactured goods to enhance industrial growth of the country.

Speaker of the House of Representatives, Hon. Dimeji Bankole, has disclosed that plans are underway to draw up a final deadline for all oil companies operating in the country to end gas flaring. He made the House position known while inaugurating the House Committee on Climate Change. The Committee, which would be headed by Hon. Eziuche Ubani, is to collaborate with other stakeholders to work-out a more feasible deadline. The House is also working on a bill to establish a National Climate Change Commission to address the problem of environmental degradation in the country.

A bill to control the manufacture, sale and advertising of tobacco products in the country has passed through second reading in the Senate. The bill seeks to make it an offence to sell or market tobacco products to persons under 18 years, with violators liable to 6 months imprisonment, N50,000 fine or both. It would also prohibit retail sale of cigarettes by sticks, all forms of advertisement, sponsorships, testimonials and promotion by cigarette manufacturers.

House of Representative has concluded the Second Reading on a bill which would enable Nigerians have equity stake in telecommunications companies operating in the country. The bill is set to stipulate a percentage of shares to be held by Nigerians and is proposing a minimum of 30%.

The Conference of 36 State Houses of Assembly has set-up a 12-man committee to harmonise its position with that of the National Assembly on proposed amendments to the 1999 constitution. The Committee was constituted because any review of the constitution would not be complete without a two-third concurrence of the state assemblies. The State Houses of Assembly plan to harmonise their positions with the National Assembly and provide input on a continuous basis. Hon. Istafanous Gbana, Speaker, Taraba State House of Assembly was elected as Chairman of the Committee.

On February 11, 2009, Court of Appeal in Port Harcourt upheld the election of Governor Theodore Orji of the Peoples' Progressive Alliance (PPA) as the winner of the April 14, 2007, governorship election in Abia State. Orji had challenged the decision of the Abia Election Petitions Tribunal of February 27, 2008, which annulled his election and declared Chief Onyema Ugochukwu of the ruling party, People Democratic Party (PDP), winner of the election. Ugochukwu alleged that Orji's non-resignation from public service before the election and membership of a secret society were not in compliance with the constitution. The allegations were dismissed unanimously by a 5-man panel of judges.

Politics & Policies

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FG to Launch National Campaign on Made-in-Nigeria Goods

House of Representatives to Unveil Deadline on Gas Flaring

Senate Considers Anti-Tobacco Bill

Bill to Give Nigerians Equity in Telecoms Companies

State Assemblies Set Up 12-Man Committee

Appeal Court Upholds Orji's Election

Central Bank of Nigeria (CBN) left its benchmark interest rate at 9.75% during its Monetary Policy Committee meeting held on February 9, 2009. The decision was based on concerns about achieving the multiple objectives of a sound financial system, price and exchange rate stability, as well as ensuring credit flows to the economy. Other decisions taken at the meeting include: active use of Open Market Operations for liquidity management; limiting the difference between the buying and selling rates of FX operators, and anchoring exchange rate within a band of +/-3%.

Central Bank of Nigeria (CBN) has disclosed plans to float a N200 billion Agriculture Bond to boost agricultural production in the country. The decision to float the bond was hinged on a need to diversify the economy and reduce dependence on crude oil, especially as its price continues to decline at the international market. A recent report by the National Bureau of Statistics (NBS) shows that the economy grew by about 6.41% in 2008, slightly down from 6.45% recorded in 2007, with agriculture contributing 2.75% to overall growth.

Central Bank of Nigeria (CBN) has imposed restrictions on campaigns, promotions and advertisements by financial institutions with effect from February 14, 2009 in a bid to curb un-healthy competition in the banking industry. The directive is aimed at stopping banks from indulging in propaganda/spreading information which may deceive the public. The restriction includes excessive celebration of milestones, financials and awards to a maximum of 2 full pages of black and white advertisements in 2 national newspapers.

Debt Management Office (DMO) has disclosed that the nation's external debt profile currently stands at \$3.5 billion, down from \$38 billion before 2006. Domestic debt profile was put at N2.3 trillion, with both debts currently constituting about 11% of GDP. In 2006, the country had successfully reduced its debt through negotiations, debt forgiveness and proper management. About 84% of external debts are concessional loans owed to multilateral institutions.

A recent report by the Manufacturers Association of Nigeria (MAN) shows that industrial capacity utilisation in the country declined from 40.7% in December 2008 to 35.0% in January 2009. The decline was attributed to inability of manufacturers to take delivery of consignments, including raw materials, from the ports due to congestion. This resulted in scaling down of operations and under-utilisation of plants' installed capacity. Other factors cited include high excise duty, high lending rates, depreciation of the Naira (exchange rate), lack of finance resulting from current stock market downturn, as well as smuggling of banned products into the country.

FG has disclosed its commitment to achieving the target of generating 6,000 megawatts (MW) of electricity by end-2009 and plans to quicken pace of work on the National Integrated Power Projects (NIPP). The assurance came at the end of a Presidential Steering Council meeting on National Integrated Power Projects (NIPPs) where a committee to be Chaired by the Vice-President, Dr. Goodluck Jonathan, was inaugurated. Members of the committee include the Governors of Abia, Delta, Gombe, Kaduna, Benue and Ekiti States. The committee is to coordinate the activities of the NIPPs, as well as ensure efficient generation, transmission and distribution of electricity in the country.

Minister of State for Finance, Remi Babalola, has reiterated that the government is not considering a bail out for any bank as none is distressed. The Minister further informed that the relief package currently being considered would be to boost the manufacturing sector, specifically textile. N70 billion has been set-aside as intervention fund for the textile sub-sector.

A recent report from the Federal Ministry of Commerce & Industry shows that 2008 earnings from agricultural produce export rose by 6.1% from N47.7 billion recorded in 2007 to N50.6 billion (\$341.8 million). A breakdown shows that exports of cocoa beans, ginger and cotton lint rose by 12.8%, 32.1% and 47.3%, respectively. On the other hand, exports of cocoa powder, gum Arabic, sesame seeds, cashew nut, sheanuts, palm kernel, rubber and hibiscus flower recorded appreciable falls.

Nigeria Customs Service (NCS) has disclosed that the sum of N470.2 billion was generated as revenue from its operations between January and December 2008. The amount represents a 190.4% achievement over FG's N247.0 billion target for the year. Of the sum, N246.3 billion, N33.6 billion, N28.1 billion and N18.5 billion were realized from import duty, excise duty, Comprehensive Import Supervision Scheme and port levy, respectively. Other sources of revenue include 0.5% ECOWAS Trade Liberalisation Scheme, 5% sugar levy, 50% rice levy, National Export Supervision Scheme levy and Non-negotiable Duty Credit Certificate levy.

CBN Leaves Benchmark Rate Unchanged

CBN to Float N200 Billion Agriculture Bond

CBN Limits Publicity and Advertising by Banks

Nigeria's External Debt Now \$3.5 Billion

Capacity Utilisation Declines to 35%

FG Reassures on 6,000mw by 2009

FG Declines Bailout for Banks

FG Realises N50.6 Billion From Agric Exports

Customs Revenue Hits N470.2 Billion

FG Approves N2.4 Billion Contracts For Emergency Communication Centres

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FG has awarded N2.4 billion contracts for the construction of emergency communication centres in the 36 states and Federal Capital Territory (FCT). The contracts were awarded to 37 different contractors with a 16-week completion period. Also, a \$13.5 million contract for supply and installation of equipment for the 37 centres was awarded to Huawei Technologies Ltd and is expected to be completed in 24 weeks.

European Union has hinted at a funding cut for Nigeria's Economic and Financial Crimes Commission (EFCC), unless the country shows more resolve in fighting corruption. The Union is the biggest foreign donor to the anti-graft body, providing a total of \$32 million over a 4-year period.

FG has disclosed that talks are currently underway with Switzerland on the repatriation of looted funds by the late General Sani Abacha regime. Swiss Government transferred \$290 million of the loot to Nigeria in 2005.

Organization of the Petroleum Exporting Countries (OPEC) has projected that world oil demand would contract by 580,000 barrels per day (bpd) in 2009 to average 85.1 million bpd. The gloomy forecast was based on falling demand from advanced economies due to global economic downturn and the negative demand pattern is expected to continue for at least three quarters of 2009. Meanwhile, the International Energy Agency has forecast that global oil demand would fall by 1.2% to 84.7 million barrels per day in 2009. This is about 1 million daily barrels less than 2008 consumption level due to economic recession in advanced countries.

OPEC's Secretary-General, Abdullah al-Badri, has disclosed that 35 oil drilling projects in various stages of development have been postponed till after 2013. The projects are designed to expand the group's supply, however, the current slide in oil prices makes it unprofitable to boost production. To revive prices, OPEC has indicated plans to further cut oil output at a meeting scheduled for March 15, 2009 in Vienna, Austria.

FG has disclosed that repairs of about 100 locomotive engines would commence in March 2009. Train services from Lagos to Kano are also expected to become functional in a short time.

Delta State House of Assembly has passed a N236.7 billion 2009 Budget into law, representing N15.8 billion (6.7%) increase over N220.9 billion presented to the Assembly in December 2008. The sum proposed for capital and recurrent expenditures were increased by 1.9% and 9.4%, respectively, to N85.3 billion and N151.4 billion.

Cross River State Government has set-aside the sum of N4.2 billion to renovate and upgrade infrastructural facilities in 59 secondary schools across the state. The projects include provision of student desks, equipping science laboratories and libraries, drilling bore holes, enhancing power supply, as well as landscaping to create recreational facilities.

Imo State Government has concluded plans to raise the sum of N200 billion from the capital market. The bond would be issued in 5 different tranches of N40 billion each, with the first scheduled to be issued in February 2009. The sum raised would be used to finance infrastructural development, including development of the Wonder Lake Project in the state.

Economy

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European Donors May Cut EFCC Funding

Switzerland to Repatriate Abacha Loot

OPEC Cuts 2009 World Oil Demand Forecast

OPEC Delays 35 Oil Projects

Repair of Locomotive Engines to Begin in March 2009

Delta Assembly Passes N236.7 Billion 2009 Budget

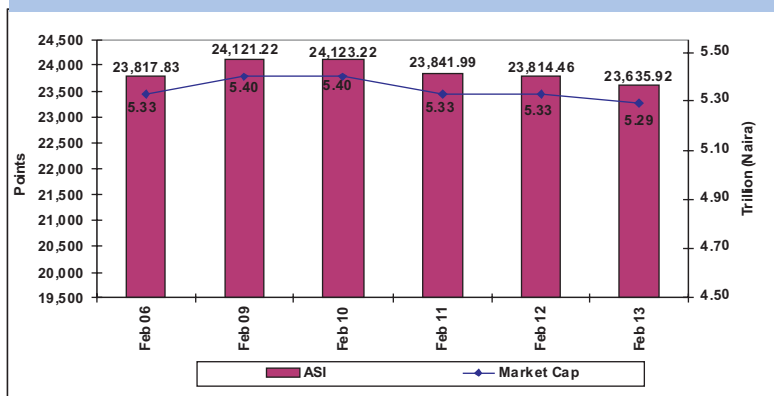
CRSG Earmarks N4.2 Billion For Renovating Schools

Imo State to Float N200 Billion Bond

The Stock Market

The stock market was bearish during the week ended February 13, 2009, thus overturning the bullish trend in the previous week. As investors took profit during the week, the All Share Index (ASI) and Market Capitalization (MC) declined marginally by 0.76% and 0.75%, respectively, to 23,635.92 points and N5.29 trillion. The week's performance was due to losses recorded in the petroleum marketing, and manufacturing & allied sub-sectors, which outweighed appreciation in the banking and insurance sub-sectors. ASI and MC have fallen by 24.9% and 23.9%, respectively from 31,450.78 points and N6.96 trillion recorded at year-start.

Chart 1: Stock Market - 1 Week Trend



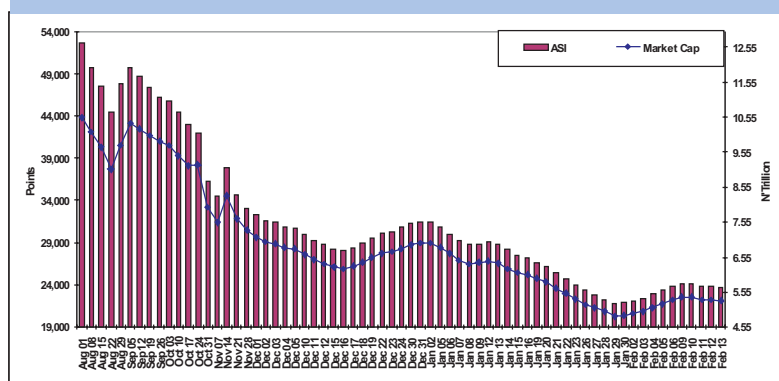
Source: NSE

Table 1: Stock Market at a Glance

	Last Week	Previous Week	1 Week Change (%)	Ytd Change (%)
ASI	23,635.92	23,817.83	(0.76)	(24.85)
Market Cap (N <trillion)< td=""> <td>5.29</td> <td>5.33</td> <td>(0.75)</td> <td>(23.99)</td> </trillion)<>	5.29	5.33	(0.75)	(23.99)
Volume (million)	1.53	1.80	(15.00)	-
Turnover (N'billion)	9.37	8.71	7.58	-

Source: NSE

Chart 2 : Stock Market

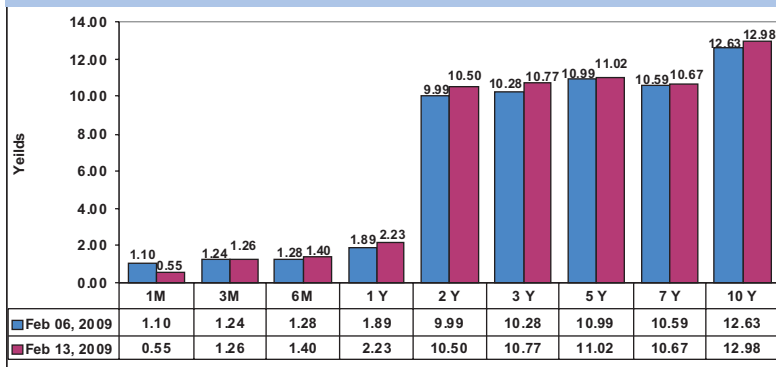


Source: NSE

FGN Securities

Yields on FGN securities rose generally during the week under review, except yield on 1-month treasury bills, which declined by 55 basis points. The most significant increases were recorded in 1, 2, 3 and 10 year securities which rose by 34, 51, 49 and 35 basis points, respectively.

Chart 3: FGN Securities Yield - February 6 vs February 13, 2009



Source: FDHL

NIBOR Rates

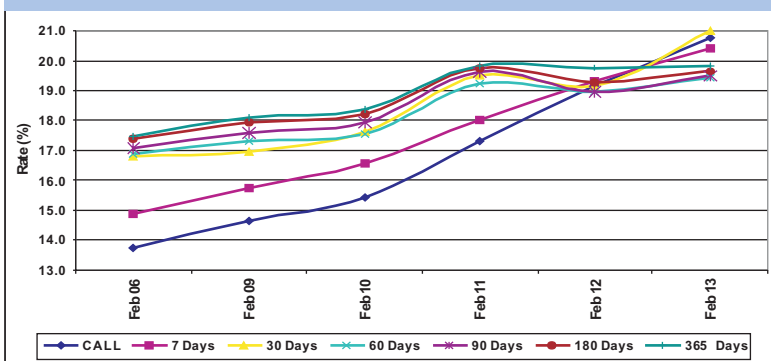
At the Inter-bank market, interest rates increased generally due to tight liquidity. The most significant changes were on the Call, 7-day and 30-day interest rates which rose by 700, 554 and 421 basis points, respectively. The tightness in the market was partly due to significant outflow of cash to back FX purchases at the Retail Dutch Auction System (RDAS). In the current week, rates are expected to moderate after the statutory allocations are received.

Table 2: NIBOR Rates

Date	Tenor						
	CALL	7 Day	30 Day	60 Day	90 Day	180 Day	365 Day
Feb 09	14.6250	15.7083	16.9583	7.2917	17.5833	17.9167	18.0833
Feb 10	15.4167	16.5833	17.6250	17.5417	17.9167	18.2083	18.3750
Feb 11	17.2917	18.0000	19.5000	19.2083	19.5833	19.7500	19.8333
Feb 12	19.1250	19.2917	19.1250	18.9583	18.9583	19.2500	19.7634
Feb 13	20.7500	20.4167	21.0000	19.4167	19.5000	19.6250	19.8333

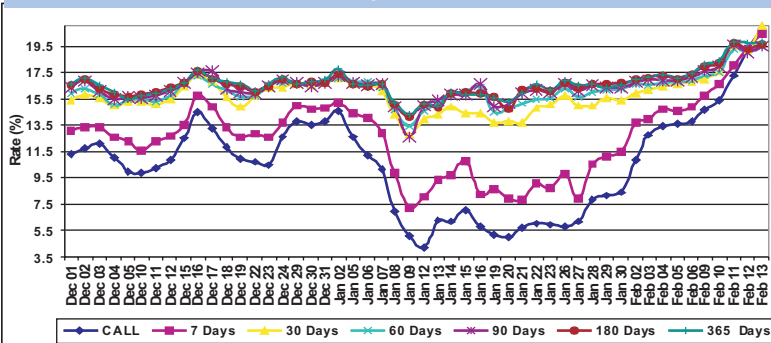
Source: FDHL

Chart 4: NIBOR Rates - 1 Week Trend



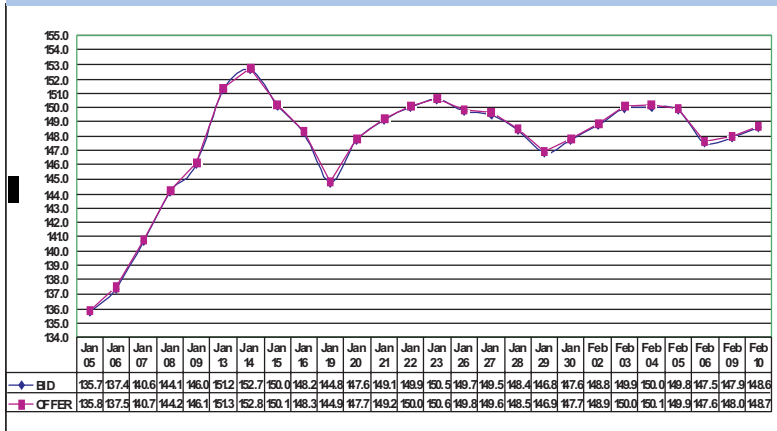
Source: FDHL

Chart 5: NIBOR Rates - Trend Analysis



Source: FDHL

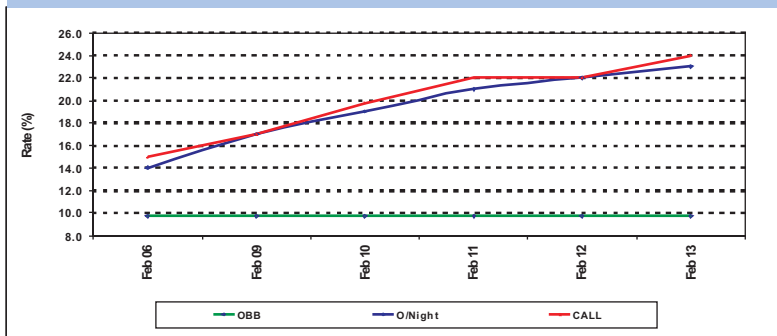
Chart 6: NIFEX Spot Rates - 1 Week Trend



Source: Money Market Association of Nigeria

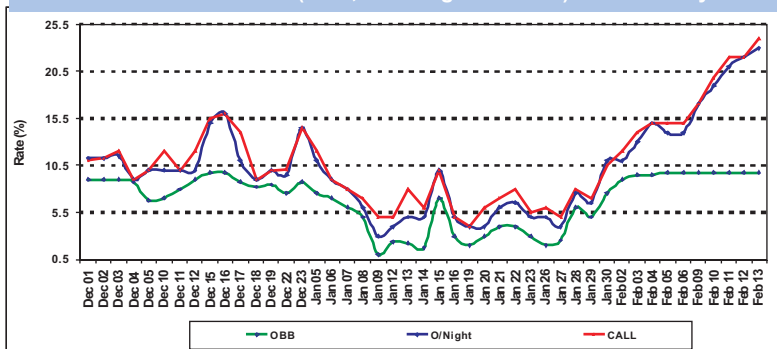
Inter bank Rates

Chart 7: Inter-bank Rates (OBB, Over-Night and Call) - 1 Week Trend



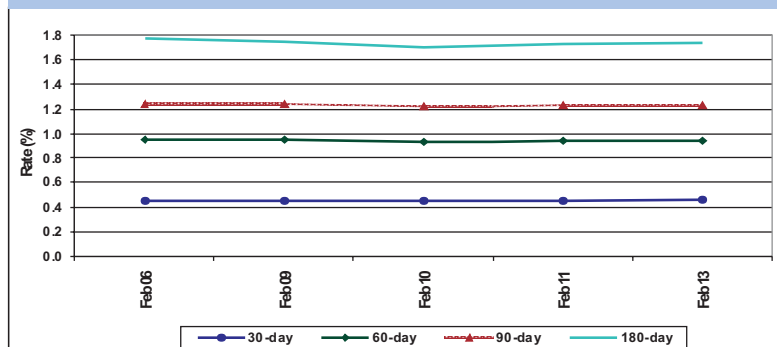
Source: FDHL

Chart 8: Inter-bank Rates (OBB, Over-Night and Call) - Trend Analysis



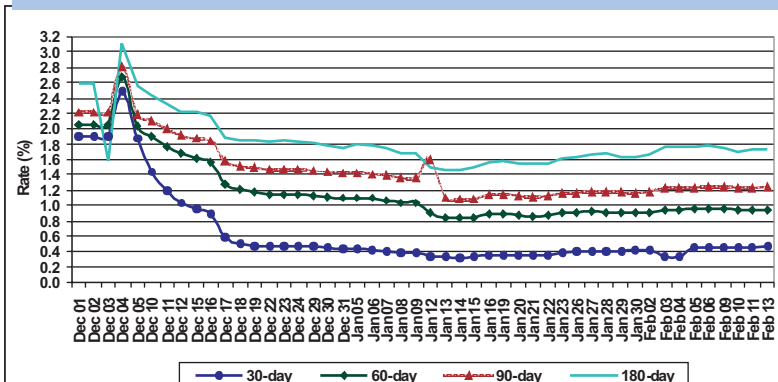
Source: FDHL

Chart 9: LIBOR Rates - 1 Week Trend



Source: FDHL

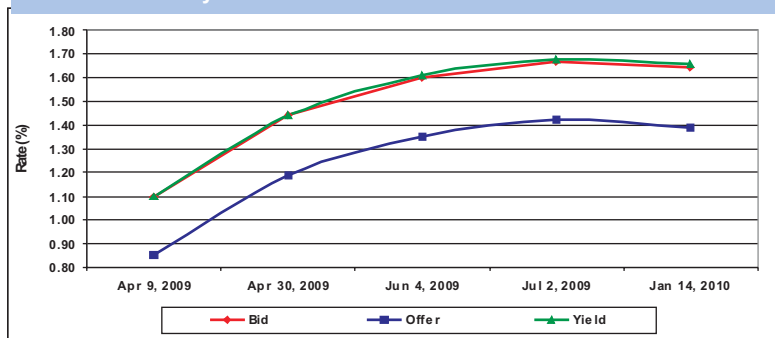
Chart 10: LIBOR Rates - Trend Analysis



Source: Money Market Association of Nigeria

Treasury Bills

Chart 11: Treasury Bills - Mark to Market Rates and Yield



Source: Money Market Association of Nigeria

Maturing Bills

Table 3: Primary Market Auction

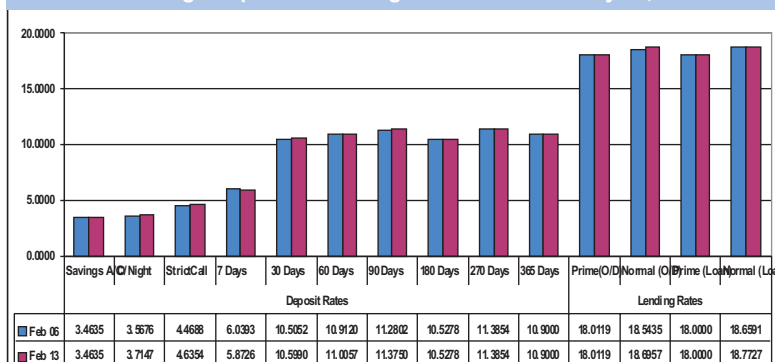
Tenor	Amount (N'm)	Rate (%)	Date
91 Day	5,000.00	6.80	19-February-2009
182 Day	5,000.00	9.50	19-February-2009

Source: Money Market Association of Nigeria

Average Deposit and Lending Rates

Deposit interest rates generally increased in the week under review. 7-day deposit rates declined by 17 basis points (bps), while 30-day, 60-day and 90-day rates rose by 9 bps each, and Strict Call by 17 bps. Similarly, lending rates (over-draft) rose by 15 bps, while rates for other loans also rose by 11 bps. The rise in short-term deposit rates is an indication of the tight liquidity in the market and the drive by institutions to attract deposits.

Chart 12: Average Deposit & Lending Rates as at February 13, 2009



Source: Money Market Association of Nigeria

Foreign Exchange Market

The value of the Naira viz-a-viz the US Dollar depreciated across all segments of the market during the week under review. At the official and parallel markets, the Naira depreciated by 20 kobo and 100 kobo, respectively. The inter-bank market was effectively closed by the Monetary Policy Committee decisions of February 9, 2009.

Table 4: Exchange Rates (N/\$)

Market	February 06	February 13	12 Months Ago
Official	145.30	145.50	116.78
Inter-bank	147.97	-	117.57
Parallel	152.00	153.00	120.10

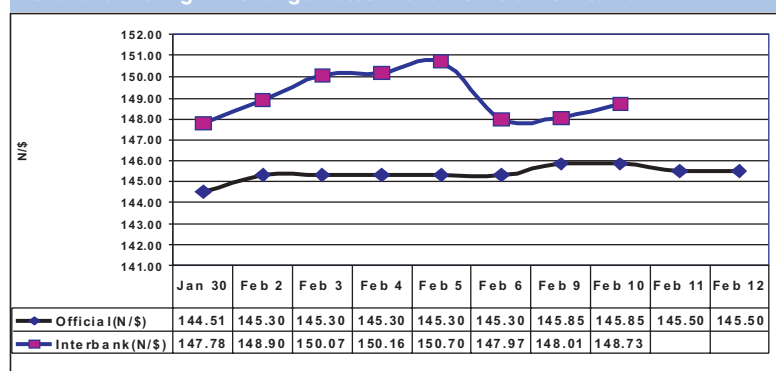
Source: CBN

Table 5: Exchange Rates Against Major Currencies

Date	N/\$	N/£	N/€
Feb 9	145.85	217.48	190.42
Feb 10	145.85	215.79	189.11
Feb 11	145.50	215.11	188.67
Feb 12	145.50	206.46	186.60

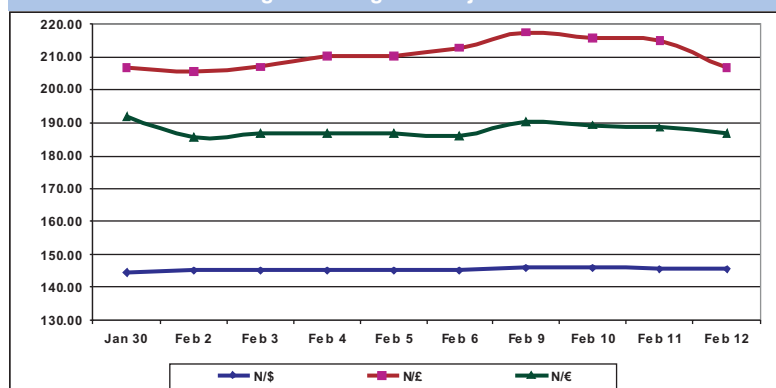
Source: CBN

Chart 13: Foreign Exchange Rates Trend - Official vs Interbank



Source: CBN & FDHL

Chart 14: Naira Exchange Rates Against Major Currencies



Source: CBN & FDHL

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Business Update

Airline Operators of Nigeria (AON), an association of domestic airline operators, has disclosed plans to interline operations to save cost and improve efficiency in service delivery. Interlining is a voluntary commercial agreement between individual airlines to jointly handle passengers traveling on routes that require multiple airlines. This would involve airlines closing routes and combining passengers for trips.

Royal Dutch Shell has declared 'Force Majeure' on its light crude exports from Bonny terminal for July to September, following recent attacks by militants on oil pipelines. About 130,000 barrels per day of crude oil flows through the damaged pipeline in Nembe Creek to the Bonny export terminal. Shell cited these as exceptional circumstances, which force the company to suspend its contractual obligations to customers. Militant activities in the Niger Delta region have cut the country's output by about a fifth since early 2006. Meanwhile, Shell has disclosed plans to withdraw its expatriates from the region due to increasing security concerns.

Royal Dutch Shell Plc, Europe's largest oil company, has reported a Q4 2008 net loss of \$2.8 billion, compared to a profit of \$8.47 billion in the corresponding period of 2007. The Q4 result is Shell's first quarterly loss in about a decade. Sales declined by 24% to \$81.1 billion, while crude oil production was down by about 1% to 3.42 million barrels per day. Shell reported \$26.3 billion in income for the entire 2008, down by 16% compared to income recorded in 2007. Meanwhile, the company plans to invest about \$32 billion in projects in the coming year.

Oando Plc, an indigenous integrated energy solutions provider, has taken delivery of an additional oil rig purchased in July 2008 at a cost of \$53.5 million. The deployment of the rig, which is the 3rd in its fleet, would enable the company drill to depths in excess of 30,000 feet in the Gulf of Guinea and ensure exploration of previously inaccessible reservoirs of oil and gas. Meanwhile, the company has disclosed plans to grow its upstream business through more acquisitions to produce 100,000 barrels per day of crude oil and 300 million barrels of proved and probable reserves by 2013. Oando's shares are listed on the Nigerian and South African stock exchanges.

KBR Inc, a US based engineering company, has pleaded guilty to charges that the sum of \$180 million was paid to Nigerian officials in bribes to secure a \$6 billion contract to build and expand Bonny Island liquefied natural gas terminal. The sum was paid between 1994 and 2004 to secure 4 contracts. KBR, a former subsidiary of Halliburton, contravened the Foreign Corrupt Practices Act (FCPA) that says no firm listed in US should bribe to secure contracts.

Deutsche Bank, Germany's largest bank, has posted a Q4 2008 net profit of 954 million euros (£709 million), representing a 47% decline below 1.8 billion euros recorded in the corresponding period of 2007. Write downs for the quarter include 50 million Euros relating to funding of unsuccessful takeovers, as well as 2.2 billion Euros announced in October 2008. The bank warns that slowdown in the worldwide credit markets would further cut its earnings growth.

Barclays Plc, Britain's fourth-biggest bank, has reported a net profit of £6.1 billion (\$9.01 billion) for its 2008 FY operations, representing a decline of 14.1% below £7.1 billion recorded in the corresponding period of 2007. The bank has described the result as quite good given that 2008 was an extraordinarily challenging year for the UK banking sector. About £8 billion was written down in 2008 to cover exposure to risky lending.

UBS, Switzerland's biggest bank, has reported a Q4 2008 net loss of 8.1 billion Swiss francs (\$7 billion). The performance was attributed to about 8.8 billion Swiss francs operational losses in the quarter, as well as, charges incurred following sale of its toxic assets to the Swiss National Bank in October 2008. UBS reported 19.7 billion Swiss francs for its 2008FY operations, marking the biggest loss in Swiss corporate history. Meanwhile, UBS has disclosed plans to cut further 2,000 investment banking jobs and reduce the bank's total workforce by 2.6% to 75,000 by mid-2009. The bank has already cut 7,500 jobs since the financial crisis began.

Royal Bank of Scotland (RBS) has disclosed plans to cut about 2,300 jobs from its back office operations across the UK. The bank, which announced 3,000 job cuts in October 2008, hinted that there would be no cuts among its customer facing staff. UK government currently own about 70% stake in RBS, following the bank's acceptance of bailout package in 2008.

Airlines Plan Joint Operations

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Oando Acquires \$53.5 Million Oil Rig

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Deutsche Bank's Profit Falls by 47%

Barclays Profit Drops by 14.1%

UBS Posts Record Loss

RBS to Cut 2,300 Jobs

FEBRUARY 16, 2009

Business Update

Credit Suisse, Switzerland's second-largest bank, has reported a net loss of 8.2 billion Swiss francs (£5 billion) for its 2008FY operations, down from a net profit of 7.7 billion Swiss francs in 2007. About 73.2% of the loss (6 billion Swiss francs) was recorded in Q4 2008. The loss was attributed to restructuring charges, slump in business and a 3.2 billion Swiss francs write-down on bad debt.

BGL Plc, an indigenous investment banking company, has reported a profit after tax (PAT) of N2.6 billion for its 2008 FY operations, representing a 261.8% increase over N596.0 million recorded in 2007. Gross earnings rose by 277.6% from N3.6 billion to N13.5 billion, while total assets rose by 74.8% from N49.9 billion to N88.9 billion in the same period. The company attributed the performance to insightful investments based on excellent operational and strategic innovations. Meanwhile, BGL has concluded plans to expand its operations to other African countries in 2009 FY.

BNP Paribas, France's biggest bank, has posted a Q4 2008 net loss of 1.4 billion Euros (\$1.7 billion), compared to 1.0 billion Euros profit recorded in the corresponding period of 2007. Pre-tax loss was 1.9 billion Euros, compared to pre-tax profit of 1.6 billion Euros, while revenues declined by 29.9% to 4.85 billion Euros in the same period. Losses at its investment banking arm, a 345 million Euro exposure to \$50 billion fraud by US financier Bernard Madoff and a slump in Ukraine's economy, were cited as reasons for the Q4 poor performance. BNP plans to shut 100 branches in Ukraine, as well as cut dividend payment by 70%.

Societe Generale SA, France's third largest bank, has disclosed plans to employ more measures to reduce costs in 2009, which includes potential job cuts and a possible merger of market activities at its corporate and investment divisions. Meanwhile, the bank posted a Q4 2008 net profit of 87.0 million Euros, compared to a 3.4 billion Euro loss in 2007, while net profit for 2008FY operations rose by 111.2% to 2.0 billion Euros.

Nestle SA, the world's largest food and Beverages Company, has posted a net profit of 18.0 billion Swiss francs (\$15.3 billion), up by 69.8% from 10.6 billion Swiss francs recorded in 2007. The increase was attributed to higher sales, as well as 9.2 billion francs gain from sale of its 24.8% stake in Alcon, an eye-care company.

Air Liquide SA, the world's biggest manufacturer of industrial gases, has reported a net profit of 1.2 billion Euros for its 2008 FY operations, representing a 10.8% increase over the amount recorded in 2007. Revenue rose by 11.0% to 13.1 billion Euros, while operating income rose also by 8.6% to 1.9 billion in the same period. Air Liquide attributed the performance to positions taken in high-growth regions, resilience, technological advances, as well as cost and capital efficiency.

Credit Suisse Records 8.2 Billion Swiss Francs Loss

BGL's Posts N2.6 Billion Profit

BNP Paribas Posts Q4 Loss

Societe Generale Plans More Cost Savings, to Cut Jobs

Nestle's Profit Grows by 69.8%

Air Liquide's Profit Grows by 9.1%

BOP Deteriorates to \$43 Million Deficit

A recent report by the Central Bank of Kenya shows that the country's balance of payments (BOP) stood at \$43 million deficit in the fiscal year to November 2008, from a surplus of \$473 million in the same period of 2007. The decline was attributed to a worsening current account balance which outweighed increases in inflows to the capital and financial accounts. Current account deficit worsened by 90.1% from \$1.1 billion to \$2.1 billion, while surplus in the capital and financial account rose by 31.3% from \$1.6 billion to \$2.1 billion in the same period.

Domestic Lending Rises by 21%

Data from the Central Bank of Kenya shows that domestic credit in 2008 rose by 21% from 668.9 billion Shillings in 2007 to 808.5 billion Shillings (\$10.2 billion). Private sector lending, which recorded the highest growth, rose by 24.0% from 517.1 billion Shillings to 641.4 billion Shillings in the same period. Meanwhile, Kenya's stock of public and publicly guaranteed debt rose by 1.9% from 870.6 billion Shillings in June 2008 to 887.1 billion Shillings in November 2008.

Government to Cut Spending

Angola's Government has disclosed plans to revise its \$42 billion budget for 2009 due to on-going global economic crisis. The country, which relies on oil exports as the major source of revenue, had earlier revised the crude oil benchmark price from \$65.0 per barrel to \$55.0 per barrel as a result of falling prices. Angola is sub-Saharan Africa's 2nd largest oil producer, with crude oil accounting for about 85% of its GDP.

2009 Budget Spending to Shrink

Budget Minister has stated that the 2009 budget of \$4.9 billion would likely be cut by a quarter due to dwindling revenues from mining and oil exports (both of which constitute 70% of foreign currency revenues). The 2009 budget package, which rose by 40% from 2008 budget of \$3.5 billion, was based on expected increases in revenues from copper, cobalt and other minerals. The prices of these commodities have declined at the international market, thus, challenging spending plans for the economy. Meanwhile, Congo has raised its key interest rate to 66% from 28% in two months, and has used up a large portion of its foreign exchange reserves to shore up its weakening currency, franc.

Coffee Earnings Decline by 22.7%

A recent report from Uganda's Coffee Development Authority shows that the country's earnings from coffee declined by 22.7% to \$30.7 million in January 2009, down from \$39.7 million recorded in the corresponding period in 2007. Logistics problems and limited supply of containers (attributed to the bad weather in Europe) were cited as reasons for drop in export volume. Uganda is the second biggest coffee producer in Africa, after Ethiopia.

BoU Adopts COMESA Payment System

Bank of Uganda (BoU) has adopted the COMESA's approved payment system of Regional Payment and Settlement System (REPSS). The payment system enables central banks operating in the Common Market for Eastern and Southern Africa (COMESA) to work directly with each other in effecting payments across countries. REPSS reduces time wastage and eliminates distrust among traders from different countries.

Government Optimistic on Oil Sediment Discoveries

Following discovery of oil sediments in the west of the country by Vangold Resources, a Canadian firm, Rwandan Government is optimistic of oil potentials in the Albertine Rift. Uganda, which has similar geological features with Rwanda, has already found oil deposit in its territory.

2008 GDP Grew by 7.5%

Recent data from Bank of Tanzania (BOT) show that the economy grew by 7.5% in 1H 2008, below an earlier projection of 7.7%. The performance was due to strong growth in agriculture, manufacturing, construction and communication. Tanzania's economy depends largely on mining, agriculture and tourism and the current fiscal year spans from July 2008 - June 2009.

Tanzania and Zambia to Privatise Co-owned Railway

Tanzania and Zambia have disclosed plans to privatise the Tazara Railway Line jointly- built by both countries over 39 years ago. The decision to privatize the 1,992-kilometre (km) railway was based on poor management, lack of wagons and locomotives, unreliable timetables and problems with track maintenance. Both governments also plan to rehabilitate a 1,710 km crude oil pipeline linking the countries, as well as a single point anchor unit at Dar es Salaam harbour to receive crude oil tankers. The jointly owned pipeline was commissioned in 1968 to handle 1.1 million tonnes of crude a year, but old equipment and financial difficulties have limited amount transported to 600,000 tonnes.

Kenya**Angola****DR Congo****Uganda****Rwanda****Tanzania**

Senate Approves Stimulus Plan

US Senate has passed an economic stimulus plan worth \$838 billion (£573 billion) to revive the ailing economy by using both increased spending and tax cuts. Under the plan, \$50 billion would be committed to prevent home mortgage foreclosures and a \$500 billion public-private investment fund created to absorb toxic assets. Government also plans to expand a program to boost lending for mortgages, other consumer and business loans to up to \$1 trillion.

Economy to Shrink in 2009

A recent forecast by Bank of England (BoE) shows that the British economy would shrink by 4% - 6% in mid-2009, due to the on-going credit crisis. BoE admits that the economy is in recession and that there are significant risks that the recession will be longer and deeper than expected. The Bank would consider unconventional measures to boost the amount of money in the economy, as interest rate cuts have not been quite effective.

Unemployment Rate Rises to 6.3%

Data from the Office for National Statistics (ONS) show that UK's unemployment rate rose from 6.1% in December 2008 to 6.3% in January. The worsening employment level is attributable to the on-going global economic meltdown which has resulted in an increase in the number of people receiving Jobseekers Allowances.

Q4 2008 GDP Contracts by 1.5%

A recent report by Eurostat shows that the region's economy shrank by 1.5% in Q4 2008, following contraction of 0.2% each in both Q2 2008 and Q3 2008. The data suggest that Europe is facing a deep and protracted recession. However, a forecast by the European Commission predicts that the Zone would return to modest growth in 2010.

Trade Surplus Rises to \$39.1 Billion in January 2009

Recent data from the General Administration of Customs show that China's foreign trade surplus rose by 0.5% from \$38.9 billion recorded in December 2008 to \$39.1 billion as at end-January 2009. The rise in surplus was due to sharp decline in imports by 43.1% on a year-on-year basis, to \$51.34 billion, while exports contracted at the fastest rate in over 10 years by 17.5% to \$90.45 billion in the same period. The sharp decline in imports reflects slowing domestic investment and lower demand for intermediate goods, which would likely trigger continued export weakness in the future.

Government Unveils Bank Bailout Package

Russia's Government has disclosed plans to inject fresh capital of 500 billion Rubles into troubled state-owned banks and private lenders to stimulate lending in the economy. Meanwhile, a recent report by Fitch Ratings cut Russia's credit rating by a notch to BBB. The cut was due to the rapid loss of reserves and surging capital outflows. Russia's foreign reserves have declined from \$600 billion at the start of the financial crisis to \$386 billion in January 2009, attributed mainly to plunging oil prices.

2008 GDP to Grow by 7.1%

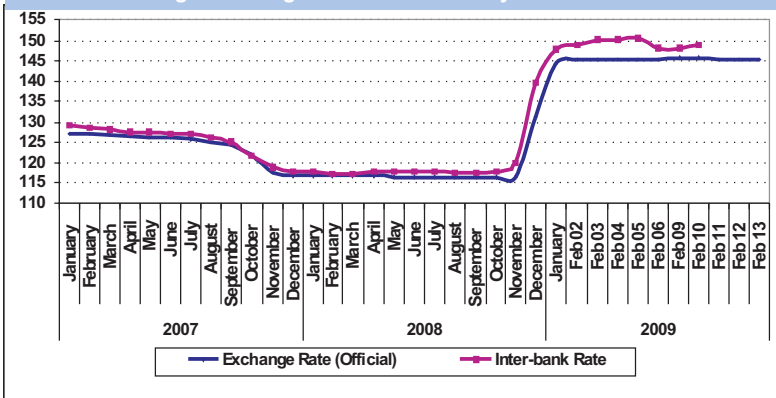
A recent forecast by India's Commerce and Industry Ministry shows that the nation's economy would grow by 7.1% in its current fiscal year ending March 31, 2009, down from 9% in the last fiscal year. Growth is at its slowest pace in 6 years. The Ministry stated that the economy is expected to be sustained by domestic demand and not only exports, which have continued to decline.

Government to Inject Rs 3,800 Crore in 3 Banks

India's Government has unveiled a new package to inject fresh capital of Rs 3,800 Crore into 3 state-run banks to stimulate lending and boost stability of the financial system. Under the recapitalisation package, Central Bank of India would receive Rs 1,400 crore, while UCO Bank and Vijaya Bank would receive Rs 1,200 crore each to shore up their capital bases. The capital infusion would be done in 2 tranches - the first is expected to be made available during the current financial year and the remaining in 2009-10. Government's stake in Central Bank of India, UCO Bank and Vijaya Bank currently stands at 80.2%, 76.0% and 53.8%, respectively.

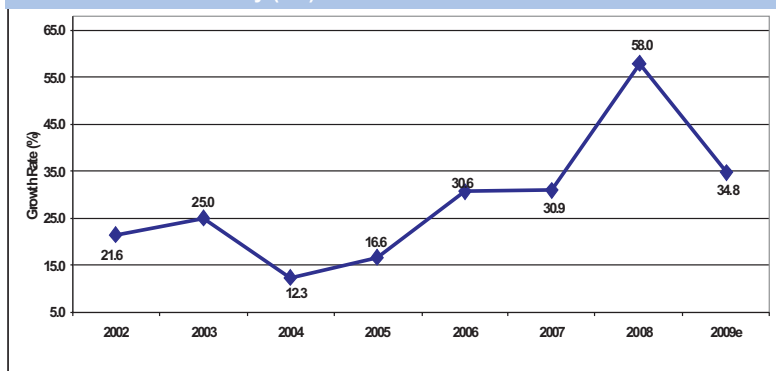
*United States**United Kingdom**Eurozone**China**Russia**India*

Chart 15: Foreign Exchange Rates - Trend Analysis



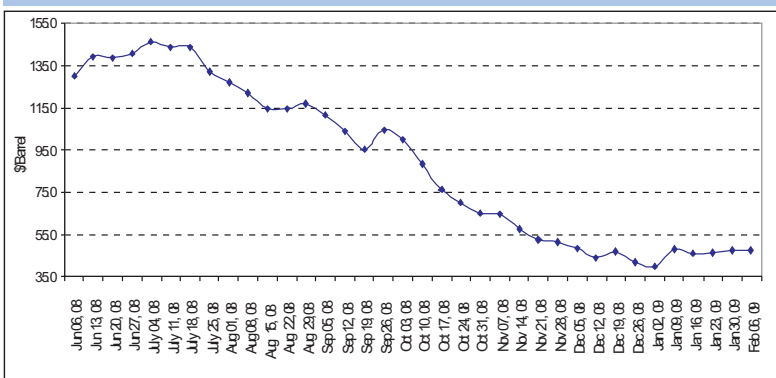
Source: CBN & FDHL

Chart 16: Broad Money (M2)



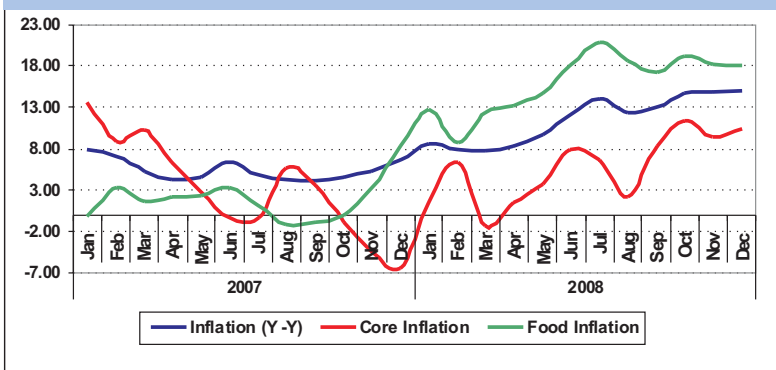
Source: CBN

Chart 17: Bonny Light (Crude Oil) Prices



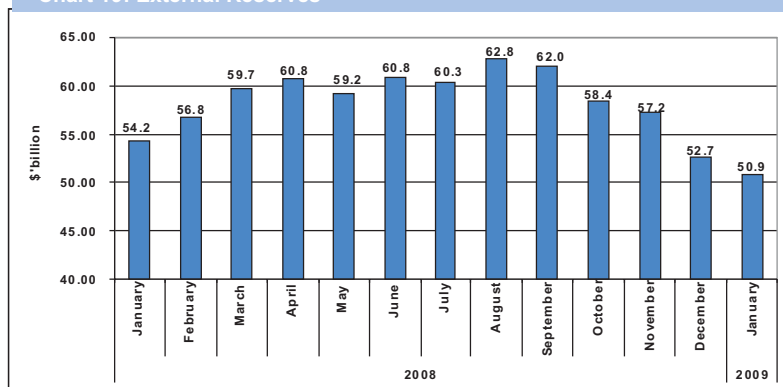
Source: Energy Information Administration (EIA)

Chart 18: Inflation Rates



Source: NBS

Chart 19: External Reserves



Source: CBN

Buzz word...

Protectionism

Protectionism is the restriction of imports into a country by government measures. In other words, it refers to the economic policy of restraining trade between nations, through methods such as import tariffs, quotas, provision of subsidies, and a variety of other restrictive government regulations designed to discourage imports. Proponents of trade protectionism believe that such policies prevent foreign take-over of local markets and companies, undue competition to new businesses, job losses, dumping, as well as long-run de-industrialization of host country. On the other hand, critics believe that protectionism raises costs through high tariffs, retards economic growth, creates deadweight employment, reduces social harmony and lessens individual freedom.

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