

# Weekly Economic & Business Review

MARCH 16, 2009

VOLUME 1 NO 39

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- FG Inaugurates Committee to Review Insurance Policies
- Senate Passes Disability Bill
- FG Plans National Policy on Chemical Hazard Control
- FG Approves Anyanwu as BPE's DG
- Government Rules Out Pay Rise for Workers

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- FAAC Shares N250 Billion for February 2009
- Government Signs N3.1 Trillion as 2009 Budget
- FG Earmarks \$60 Billion for Oil & Gas Development
- Customer Bank Accounts Rose by 130.7%
- CBN Approves First Credit Bureau
- CBN Issues Guidelines For Islamic Banking
- Nigeria to Receive \$180 Million World Bank Facility
- Telecoms Subscribers' Base Hits 64.3 Million
- EU-PRIME to Construct Cold Stores in 17 States
- Yobe State Signs N51.9 Billion as 2009 Budget
- Uduaghan Signs N236.7 Billion as 2009 Budget
- World Population to Hit 7 Billion by 2012

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Liquidity Trap

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FG has inaugurated an 11 - man committee to review the Insurance Act (2003) and the National Insurance Commission (NAICOM) Act (1997) to make the country's insurance companies globally competitive. The Committee is expected to appraise and identify aspects of the existing legislations which constrain performance and recommend measures to re-engineer the sector.

Senate has passed a bill prohibiting discrimination against persons with disabilities in the country. The law would compel Government, public organizations and individuals to provide convenient access for the disabled into their buildings and other facilities, as well as reserve parking lots for the physically challenged. The bill stipulates penalties of N1 million and N100,000 (or 6 months imprisonment) for institutions and individuals, respectively, for violation of provisions.

FG has indicated plans to review the draft national policy on chemicals management in the country. The draft document, which was submitted in 2008 by a steering committee, would be revised in light of recent uncontrolled use of chemicals and dumping of industrial wastes. The review is aimed at establishing national capacities and capabilities for a coherent approach to chemical hazard control and its management. Focus will be on developing strong institutional framework for implementing chemical and waste management practice. FG also plans to put measures in place to promote awareness of chemical hazards among its citizens.

FG has appointed Dr. Christopher Anyanwu, as Director-General (DG), Bureau of Public Enterprises (BPE). Before his appointment, he was the Head, Public and Private Law Department, University of Nigeria, Nsukka. Anyanwu succeeds Mrs. Irene Chigbue, who recently ended her 4-year tenor as DG.

FG has decided against immediate increase in the national minimum wage from the current N11,130 per month to N52,200 as requested by the Nigerian Labour Congress (NLC). The decision was based on the growing effects of the global economic crisis which has continued to weigh down fiscal sustenance, thus making the demand unrealizable. Nigeria, which depends solely on crude oil exports, has been hurt by sustained low crude oil price and low production level due to militants' activities in the Niger Delta. Meanwhile, NLC is threatening to embark on an industrial action, if government fails to accede to its demand.

## Politics & Policies

### ***FG Inaugurates Committee to Review Insurance Policies***

### ***Senate Passes Disability Bill***

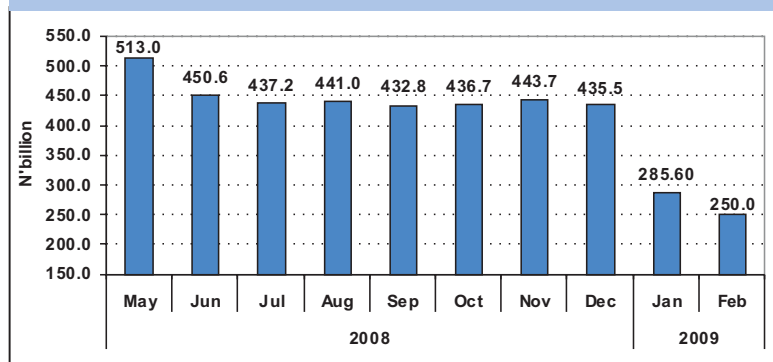
### ***FG Plans National Policy on Chemical Hazard Control***

### ***FG Approves Anyanwu as BPE's DG***

### ***Government Rules Out Pay Rise for Workers***

Federation Account Allocation Committee (FAAC) has disbursed the sum of N250.00 billion among the three tiers of government for February 2009, a 12.5% decline below N285.6 billion disbursed for January. The decline was attributed to lower export volumes resulting from militant activities, production shut-in at Tebidaba, as well as reduction in OPEC quotas. \$1.5 billion was also shared from the excess crude account to cushion the effects of the slide recorded in statutory allocations.

Chart 1: FAAC Rates



Source: Ministry of Finance

President Umaru Musa Yar'Adua has signed a N3.1 trillion (\$21.2 billion) budget for 2009, representing an 8.0% increase over N2.87 trillion presented to the National Assembly in December 2008. Statutory transfers and capital expenditure allocations were increased by 19.8% and 28.0%, respectively, to N168.62 billion and N1.02 trillion, while the amount set-aside for recurrent expenditure was cut by 1.2% to N1.63 trillion. Key assumptions in the budget include benchmark crude oil price of \$45 per barrel, daily crude oil production of 2.292 million barrels, joint venture cash calls of \$5 billion, GDP growth rate of 8.9%, inflation rate of 8.2% and exchange rate of N125/\$1.

Government has earmarked the sum of \$60 billion to develop various oil and gas projects across the country over a 5-year period. Of the sum, Brass Liquefied Natural Gas Project and the Domestic Gas Utilisation Plan would gulp \$20 billion each, while \$10 billion each is set-aside for curbing gas flared and procurement of related equipment, respectively. The investment would foster the achievement of Nigerian content in the oil & gas sector, expand infrastructure, as well as boost availability of liquefied natural gas.

Central Bank of Nigeria (CBN) has disclosed that the number of customers' bank accounts rose from 13 million in 2003 (before banking sector consolidation) to 30 million in 2008. The apex bank attributed the growth to increasing confidence in the sector, which dominates about 75% of the capital market. CBN Governor insists that the banking sector and the flexible exchange rate regime will remain the major shock absorbers for the country amid the global economic uncertainty.

CBN has approved in principle for XDS Credit Bureau Ltd to operate a credit bureau in Nigeria. The company is expected to manage databases on the borrowing history of individuals and institutions, which would be shared with lending institutions to aid lending decisions.

CBN has released guidelines for setting-up an Islamic Bank in Nigeria, in line with the provisions of BOFIA 1991. The bank would be subject to normal requirements for a new banking license, including N25 billion minimum capital base and N500,000.00 non-refundable application fee. 6 months after receiving Approval-in-Principle to set-up an Islamic Bank, the promoters must submit application for a final banking license, with a non-refundable licensing fee of N5 million. In addition, the bank would not be allowed to include the words 'Islamic' as part of their registered/licensed name and would use only use a uniform logo approved by the CBN.

FG has disclosed that a \$180 million facility is being sought from the World Bank to develop science and technology education in the country. The loan is targeted at enhancing teaching, research and capacity building at the post-primary level. To access the fund, an institution must submit 3-year audited accounts, a strategic master plan, and an action plan on the disbursement, monitoring and management of the fund. About 55 institutions are expected to benefit from the loan, consisting of 17 universities, 9 polytechnics, 7 colleges of education, 13 secondary schools, 4 agencies and 5 research institutions.

A recent report by the Nigerian Communications Commission (NCC) shows that the Nigeria's telecommunication subscriber's base grew by 12.6% from 57.1 million recorded in Q3 2008 to 64.3 million in Q4 2008. In addition, telephone penetration improved to 45.9% in Q4, up from 40.7% in Q3.

**FAAC Shares N250 Billion for February 2009**

**Government Signs N3.1 Trillion as 2009 Budget**

**FG Earmarks \$60 Billion for Oil & Gas Development**

**Customer Bank Accounts Rise by 130.7%**

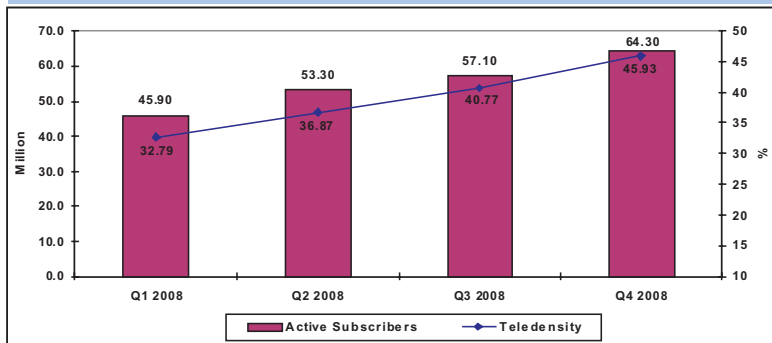
**CBN Approves First Credit Bureau**

**CBN Issues Guidelines for Islamic Banking**

**Nigeria to Receive \$180 Million World Bank Facility**

**Telecoms Subscribers' Base Hits 64.3 Million**

Chart 2: Nigeria's Telecoms Subscribers



Source: Nigerian Communications Commission (NCC)

European Union-Partnership to Reinforce Immunization Efficiency has granted N425 million to 9 local companies for the construction of vaccine cold stores in 17 states across the country. The cold stores would be completed in 3 months and are designed to improve vaccine storage and potency, as well as distribution. The contractors include SE Montel, Akal Group, MBS Resource, Cosmo Base, Adams Technologies, Seegnal, Globis, Dua Technologies, and Don Paca. Akwa Ibom, Anambra, Bauchi, Ebonyi, Edo, Jigawa, Kaduna, Katsina, Kogi, Kwara, Lagos, Yobe, Ogun, Oyo, Rivers, Sokoto and Zamfara states are expected to benefit from the project.

Yobe State Governor, Ibrahim Geidam, has signed the state's 2009 Appropriation Bill into law, representing a N21.5 billion (29.3%) decline below 2008 budget of N73.4 billion. The sum of N34.1 billion and N17.8 billion were set-aside for capital and recurrent expenditures, respectively.

Delta State Governor, Dr. Emmanuel Uduaghan, has signed the sum of N236.8 billion as the state's 2009 Appropriation Bill, which rose by N4.0 billion (1.7%) over 2008 budget of N232.8 billion. N151.3 billion is set-aside for capital expenditure and N83.7 billion is for recurrent expenditure. The State Governor also allays fears of a possible cut in public officers' salaries and wages due to falling government revenues.

According to recent estimate released by UN, the world's population would hit 7 billion in 2012, from about 6 billion reported in 2006. The projection was based on assumption that fertility rate, currently 2.56 children per woman, would decline to about 2.02 across the world. Although, fertility rate is declining, the world's population would still rise by about 1 billion during the period. The majority of the increase is expected from developing countries in Asia and Africa. Specifically, India, Pakistan, Nigeria, Ethiopia, US, Congo, Tanzania, China and Bangladesh would account for half of the projected increase.

**EU-PRIME to Construct Cold Stores in 17 States**

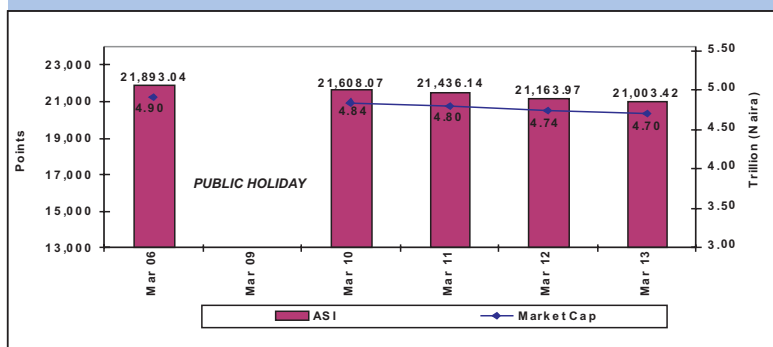
**Yobe State Governor Signs N51.9 Billion as 2009 Budget**

**Uduaghan Signs N236.7 Billion as 2009 Budget**

**World Population to Hit 7 Billion by 2012**

**The Stock Market** - The bearish trend in the Nigerian stock market continued as the All Shares Index (ASI) and market capitalization declined by 4.06% and 4.08% from 21,893.14 and N4.9trn in the previous week to 21,003.42 and N4.7trn, respectively. The decline was attributed to the losses recorded in the banking, insurance, food /beverage and oil/gas sub-sectors. Given the continuous tight liquidity condition and the depleting investors' confidence, we don't expect the market trend to change this week.

Chart 3: Stock Market - 1 Week Trend



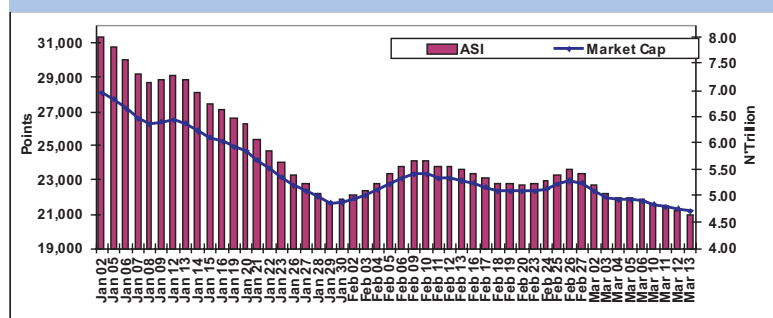
Source: NSE

Table 1: Stock Market at a Glance

	Last Week	Previous Week	1 Week Change (%)	Ytd Change (%)
ASI	21,003.42	21,893.04	(4.06)	(33.22)
Market Cap (N <trillion)< td=""> <td>4.70</td> <td>4.90</td> <td>(4.08)</td> <td>(32.47)</td> </trillion)<>	4.70	4.90	(4.08)	(32.47)
Volume (million)	1.57	1.54	1.95	-
Turnover (N'billion)	6.34	9.42	(32.70)	-

Source: NSE

Chart 4 : Stock Market

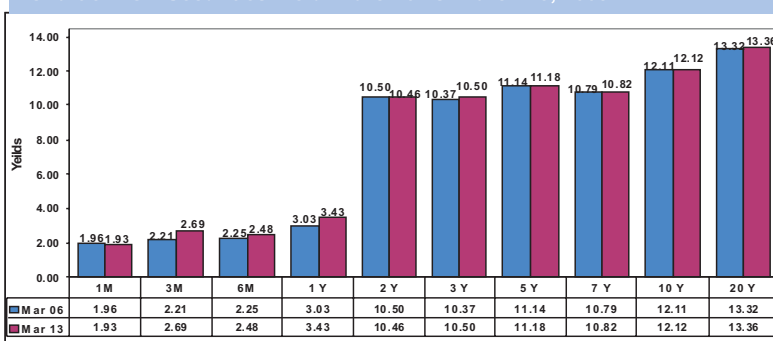


Source: NSE

**FGN Securities**

Average bond yields increased across all tenor as the 3, 5, 7, 10 and 20-year maturities appreciated. Yields on all treasury bills rose, except 1-month, which marginally declined by 3 basis points. Given the level of liquidity expected to be injected into the system, we expect this trend to continue this week.

Chart 5: FGN Securities Yield March 6 vs. March 13, 2009



Source: FDHL

**NIBOR Rates**

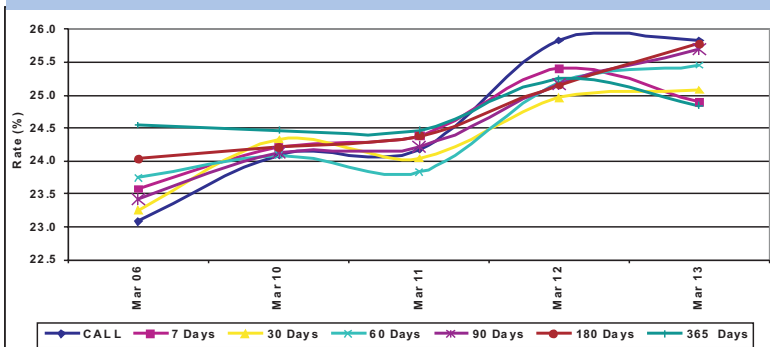
Liquidity situation in the money market remained tight last week leading to rise in rates across all tenors. The tight liquidity situation in the market which was due to large payments for dollar purchases at the CBN auction, bonds and T-bills is expected to ease with the February FAAC allocation and the \$1.5bn excess crude revenue shared by the 3 tiers of Government. Thus, we expect the market to be liquid in the current week and, consequently, rates to plummet.

Table 2: NIBOR Rates

Date	Tenor						
	CALL	7 Day	30 Day	60 Day	90 Day	180 Day	365 Day
Mar 06	23.0833	23.5833	23.2500	23.7500	23.4167	24.0417	24.5417
Mar 10	24.0833	24.2083	24.3333	24.0833	24.1250	24.2083	24.4583
Mar 11	24.1667	24.3750	24.0417	23.8333	24.2083	24.3750	24.4583
Mar 12	25.8333	25.3950	24.9650	25.1800	25.1583	25.1450	25.2433
Mar 13	25.8333	24.8950	25.0767	25.4467	25.6931	25.7742	24.8322

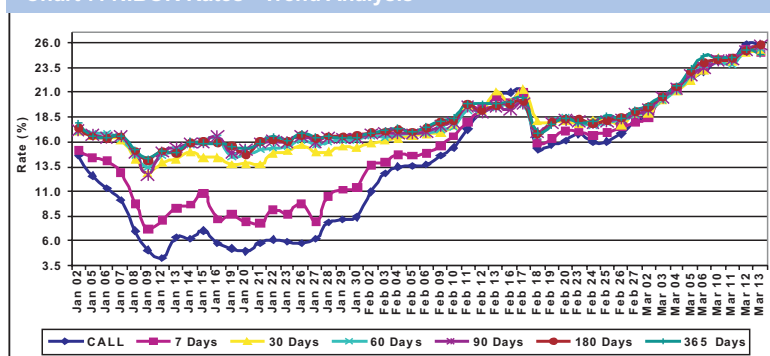
Source: FDHL

Chart 6: NIBOR Rates - 1 Week Trend



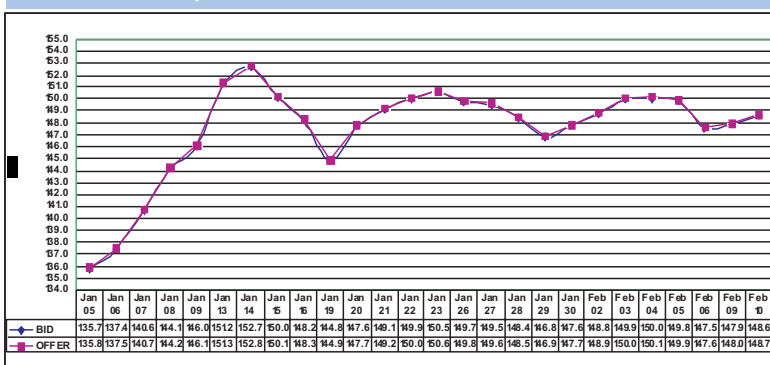
Source: FDHL

Chart 7: NIBOR Rates - Trend Analysis



Source: FDHL

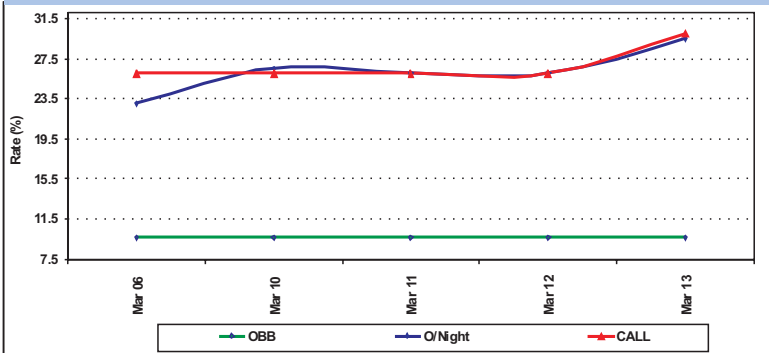
Chart 8: NIFEX Spot Rates - 1 Week Trend



Source: Money Market Association of Nigeria

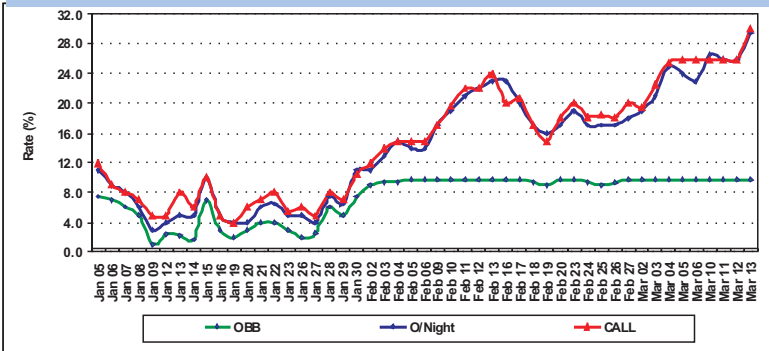
Inter bank Rates

Chart 9: Inter-bank Rates (OBB, Over-Night and Call) - 1 Week Trend



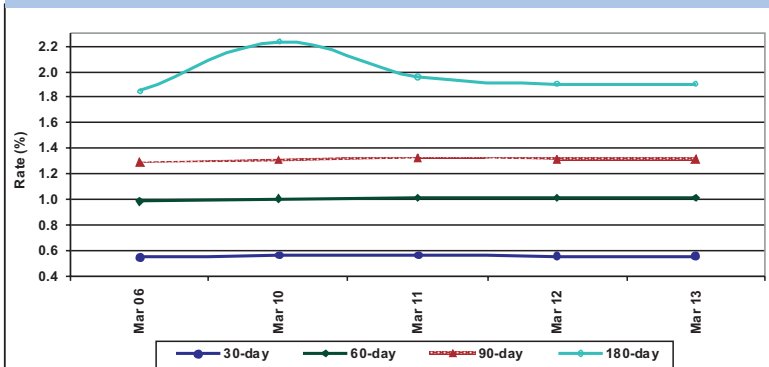
Source: FDHL

Chart 10: Inter-bank Rates (OBB, Over-Night and Call) - Trend Analysis



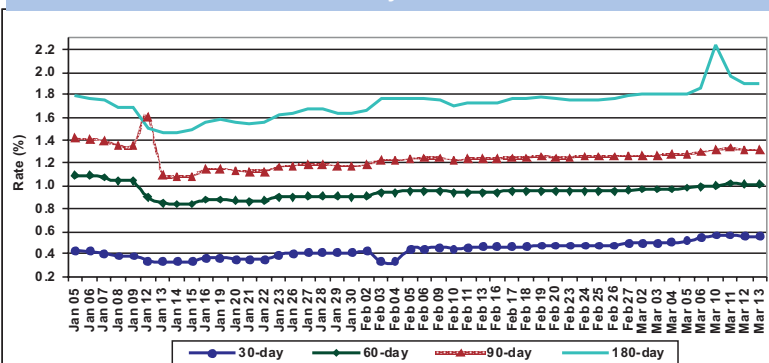
Source: FDHL

Chart 11: LIBOR Rates - 1 Week Trend



Source: Money Market Association of Nigeria

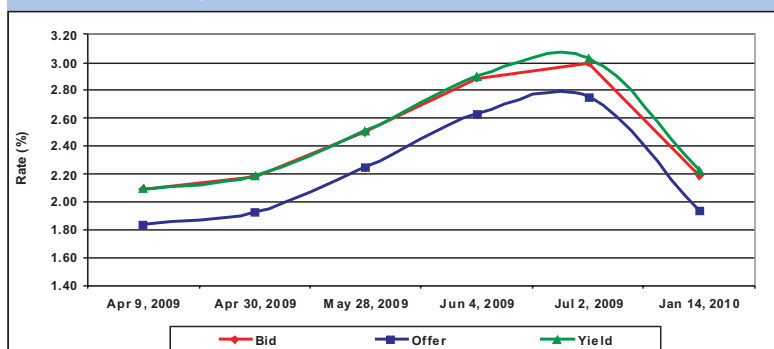
Chart 12: LIBOR Rates - Trend Analysis



Source: Money Market Association of Nigeria

Treasury Bills

Chart 13: 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	5.83	19-March-2009
182 Day	5,000.00	9.43	19-March-2009

Source: Money Market Association of Nigeria

Average Deposit and Lending Rates

Lending rates across all tenors were generally stable. However, all tenored average deposit rates rose by 4.86 basis points. Due to the expected liquidity injection, we expect interest rates to drop marginally this week.

Chart 14: Average Deposit & Lending Rates as at March 13, 2009



Source: Money Market Association of Nigeria

Foreign Exchange Market

The value of the Naira against the US Dollar depreciated by N0.32k and N10.20k at the official and parallel markets, respectively but appreciated by N0.50k at the BDC. The depreciation at the major segments of the market is due to persistent high FX demand relative to the supply in the market. Given that CBN will commence the sale of \$5 million per week to the registered BDC of the Deposit Money Banks (DMBs), we expect naira to appreciate due to high FX supply in the system.

Table 4: Exchange Rates (N/\$)

Market	March 12	March 13	1 Month Ago
Official	146.28	146.60	145.00
Parallel	177.80	188.00	154.00
BDC	149.00	148.50	165.00

Source: CBN & FDHL

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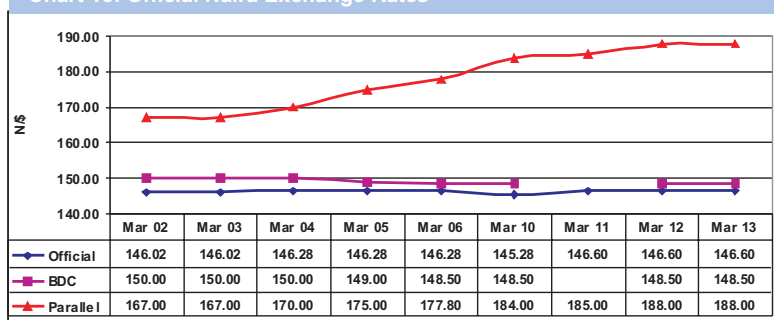
## Market Analysis

Table 5: Exchange Rates against Major Currencies - Official Market

Date	N/\$	N/£	N/€
Mar 06	146.28	208.96	186.16
Mar 10	145.28	202.66	186.10
Mar 11	146.60	202.50	187.19
Mar 12	146.60	202.35	187.97
Mar 13	146.60	205.61	189.35

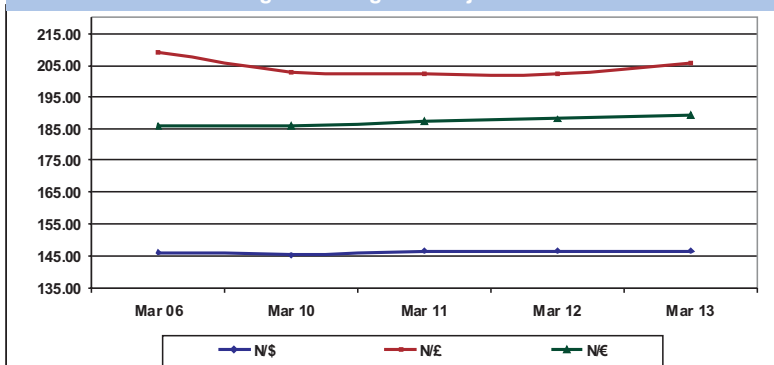
Source: CBN

Chart 15: Official Naira Exchange Rates



Source: CBN & FDHL

Chart 16: Naira Exchange Rates Against Major Currencies



Source: CBN

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## Business Update

Nigerian National Petroleum Corporation (NNPC), in collaboration with both local and foreign investors, has disclosed plans to construct 3 new refineries in various locations. The refineries would have capacities to refine 250,000 - 300,000 barrels of crude oil per day (bpd) and is expected to be completed between 2012 and 2013. Under the proposed ownership structure, NNPC, foreign technical investors and local investors are expected to own 40%, 30/35% and 15/20% stake-holding, while the balance would be held by host communities. A 4th refinery, Ndoni Refinery, is to be established by Rivers State Government, in conjunction with local and foreign investors.

FG and Transnational Corporation of Nigeria (Transcorp) have agreed to sell a combined 51% stake in the Nigerian Telecommunications Plc (NITEL) and its mobile arm, MTEL to a core investor. Under the agreement, the prospective investors must be a reputable telecoms operator, with a minimum net worth of \$500 million. Also, the investor is expected to possess requisite technical, managerial and financial resources. Currently, FG and Transcorp have 49% and 51% stake in the companies, respectively. Meanwhile, BNP Paribas has been engaged as advisor to review and market NITEL, prepare a valuation report, and other draft documents that would facilitate a competitive and transparent bidding process.

Matreach Logistics Ltd, a Nigerian-based firm, and its Chinese partner, Monde have signed a memorandum of understanding (MoU) for the establishment of an assembly plant for producing 3- and 4-wheel vehicles in Nigeria. By the MoU, Matreach has exclusive right to import and sell all the assembled vehicles across West African sub-region. The assembly plant is expected to become operational in 2010 and maintenance sites would be established in several states across the country.

APM Terminals Apapa Ltd, a Nigerian seaport concessionaire, has acquired 4 new Rubber Tyre Gantry (RTG) cranes worth N1 billion to increase its cargo handling capacity. With the purchase, APM Terminals has invested N15 billion in the acquisition of scaffold cranes in the last 3 years.

Glo Mobile Ghana and ZTE Corporation, a China-based telecommunications network solutions provider, have signed a multi-billion dollar network expansion contract. Under the contract, ZTE will deploy Glo's Ghana Access Network, including base switching centres (BSCs) and other network tools. ZTE would also install fibre backbone configuration to ensure voice and data clarity. Glo would compete with five existing mobile phone operators, including MTN, Tigo, Ghana Telecom, Kasapa Telecom and Westel.

MTN, Africa's largest mobile-phone company, has reported a net profit of 15.3 billion rand (\$1.51 billion) for its 2008 FY, representing a 44.3% increase over 10.6 billion rand recorded in 2007. Sales rose 40% to 102.5 billion rand, while subscribers' base also rose by 48% to 90.7 million, which was mainly driven by increases in Iran (10 million) and Nigeria (6.6 million). MTN disclosed that the company's target is to achieve a 50% market share in all the countries it has presence and would actively seek expansion opportunities in emerging markets.

Deutsche Lufthansa AG, Europe's second-largest airline, has reported a net profit of 599 million Euros (\$757 million) for its 2008 FY, representing a 62.6% decline below 1.6 billion Euros recorded in 2007. Operating profit also declined by 2.2% to 1.35 billion Euros in the same period. Lufthansa attributed the poor performance to higher fuel costs, strike-related losses and a decline in demand caused by the downturn in the global economy during the 2H 2008.

***NNPC to Construct Greenfield Refineries******FG and Transcorp to Sell 51% Equity in NITEL******Matreach and Monde Sign MoU on Vehicle Assembly Plant******APM Terminals Acquires 4 RTG Cranes worth N1 Billion******Globacom Ghana to Commence Operations******MTN's Profit Grows by 44.3%******Lufthansa's Profit Falls by 62.6%***

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## Regional Developments

### IMF to Increase Lending to Africa

International Monetary Fund (IMF) has agreed to increase lending to Africa and streamline its lending conditions to ease the impact of the global financial crisis on African countries. The Fund also appealed to industrialized nations to set-aside 0.7% of their economic stimulus packages to help poor nations amid economic downturn. An IMF report, estimates that 22 developing countries would need at least \$25 billion in extra financing in 2009, and over \$140 billion if the crisis intensifies.

### Moody's Revises Rating

Moody's has revised Botswana's outlook from positive to stable, citing a possible lengthy downturn in demand for diamonds as reason. The agency stated that the declining demand for diamonds amid global economic crisis poses a serious risk to fiscal sustenance, economic growth and external balances. Botswana is the world's largest diamond producer and it is the country's main source of revenue.

### Government Cuts 2009 Economic Growth Forecast

Tanzanian Government has cut its GDP growth projection from 7.8% earlier reported to 6.9%, due to lower prices for its exports (coffee, cashew nuts and cotton), slump in demand from advanced countries and slump in tourism. Government revenue has been on the decline due to the global economic crisis. Tanzanian President, Jakaya Kikwete, recently disclosed that 2 mining projects had been suspended namely: Century Aluminum's \$3.5 billion smelters and Xstrata PLC's nickel mining and extraction plant worth \$165 million.

### Government to Secure \$200 Million Loan from IMF

Zambian Government has unveiled plans to secure a loan of \$200 million from the International Monetary Fund (IMF) to boost its foreign currency reserves, currently only able to cover about two-and-a-half months of imports. IMF agreed in June 2009 to give Zambia \$79 million over a 3-year period. Meanwhile, Glencore International AG and other miners have disclosed plans to shut down copper mines and cut jobs after copper prices declined by almost half from a record \$7,276 a metric tonnes recorded in September 2008.

### Government to Receive \$1 Billion Loan

Angolan Government has been offered loans worth \$1 billion by China Development Bank to rebuild and diversify the economy away from crude oil. The sum is expected to be invested in agricultural projects, housing and other infrastructure. China has granted Angola loans of over \$5 billion to help the country re-build its economy after a 27-year civil war.

### KEGC Receives \$300 Million French Loan for Geothermal

Kenya Electricity Generating Company (KEGC), the country's biggest power producer, has disclosed receipt of a \$300 million loan from the French Development Agency (FDA) to develop a geothermal production unit. The facility is expected to fund the building of the 3rd unit of Olkaria II Power Plant and would add 35 megawatts (mw) of electricity to the national grid when completed. KEGC plans to boost geothermal power generation capacity by 500 mw by 2012.

### Inflation Rate Falls to 4.6% in February 2009

A recent report by Central Statistics Office shows that the country's inflation rate declined from 5.2% in January 2009 to 4.6% in February, due to fall in cost of diesel, milk and cooking oil. Mauritius' central bank expects annual inflation to decline to 5% by end-2009, after peaking at 9.9% in November 2008. Meanwhile, IMF has cut Mauritius' economic growth forecast for 2009 to 2%, down from 5.1% growth recorded in 2008.

### Inflation Rises to 20.34%

A recent report by Ghana Statistical Service shows that the country's inflation rate rose from 19.86% in January 2009 to 20.34% in February, representing the highest level since January 2004. The rise was attributed to increases in food and fuel costs, as well as depreciation of the cedi against major international currencies. Meanwhile, a recent Fitch rating downgraded Ghana's 'B+' debt rating to 'B-', citing large budget and current account deficits as reasons.

### Stock Exchange to Commence Electronic Trading

General Manager, Ghanaian Stock Exchange (GSE), has disclosed that trading on the exchange would become electronic-based by end-March, 2009. A fire incident on the floor of the exchange in December 2008 delayed the launch of the automated system. The objective of deploying the computerized system is to improve efficiency of trading and enhance liquidity in the market, thereby making the exchange more competitive.

### Paris Club Writes-off \$129.5 Million Debt

Paris Club of sovereign creditors has agreed to cancel \$129.5 million debt owed by Burundi, representing 96% of the country's debt stock as at end-2008. Other creditors also plan to cancel the remaining \$4.8 million debt. The write-off follows

### African Economy

### Botswana

### Tanzania

### Zambia

### Angola

### Kenya

### Mauritius

### Ghana

### Burundi

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## Regional Developments

satisfaction of creditors with Burundi's plans to implement a comprehensive poverty reduction strategy and an economic programme, using resources freed by the cancellation.

### **Government to Receive \$172 Million from World Bank**

World Bank has agreed to donate \$172 million to Rwanda to enable the country overcome the second round effects of the on-going global financial crisis. The effects have manifested in form of lower trade, investment, remittances, overseas development assistance, and tourism receipts. In addition, Europe's Commissioner for Development has disclosed plans to give 175 million Euros (\$222 million) to Rwanda over a 6-year period in budget support to help reduce poverty and spur economic development.

### *Rwanda*

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## World Economy

### Trade Deficit Continues to Shrink

A recent report by Commerce Department shows that US trade deficit declined by 9.7% in January 2009 to \$36 billion, which represents the lowest in 6 years and an improvement over \$39.9 billion deficit recorded in December 2008. Trade deficit stood at \$62.5 billion in July 2008, when crude oil price reached a peak of \$147.27 a barrel. Exports declined by 5.7% to \$124.9 billion, while imports also fell by 6.7% to \$160.9 billion, led by drop in crude oil price/imports.

### Trade Surplus Declines Sharply in February 2009

Recent data from the General Administration of Customs show that China's foreign trade surplus declined by 43.5% to \$4.8 billion in February 2009, down from \$39.1 billion recorded in January. The decline was due to sharp fall in exports by 25.7% on a year-on-year basis to \$64.9 billion, while imports contracted by 24.1% to \$60.05 billion in the same period. The Minister of Commerce stated that China's foreign trade would remain under pressure, as global economic downturn further deteriorates and EU market conditions worsen.

### Inflation Rates Declines to -1.6% in February 2009

China's inflation rate declined to -1.6% in February 2009, down from 1.0% increase recorded in January, according to recent report from the National Statistics Bureau. Declining prices of raw materials, such as iron ore and crude oil, were cited as reasons for the negative consumer price index. It is the first time since December 2002 the index has slipped into negative. Food prices, which make-up about one-third of the index, also fell 1.9%. In February 2008, inflation stood at 8.7%, which was a 12-year high.

### Global Recession to Impact on Growth Further

Central Bank Governor, Duvvuri Subbarao, has hinted that India may not achieve its 7% GDP growth target for 2009, following increasing impact of the global financial crisis. The economy grew by 5.3% in Q4 2008, the lowest quarterly growth in 5 years, well below an average of 9% over a 4-year period. Exports declined by 13% to \$13.0 billion (the fifth consecutive decline), while imports shrank by 18.1% to \$18.5 billion in January 2009. Meanwhile, Reserve Bank of India cut its key rate by 50 basis points from 5.5% to 5.0% and cash reserve requirement for commercial banks from 4.0% to 3.5% in bid to stimulate economic growth and shore up investor confidence amid signs of economic slowdown.

### Central Bank Cuts Benchmark Rate to 11.24%

Brazil's central bank cut its benchmark rate by 150 basis points from 12.75% to 11.25% during its Monetary Policy Committee meeting held on March 11, 2009. The rate was cut to stimulate economic growth, as industrial production continued to decline. Output declined by 17.2% year-on-year in January 2009, marking the biggest fall in 17 years, down from 14.8% contraction in December 2008. Unemployment rate also rose from 6.8% to 8.2% in the same period, while GDP growth contracted by 3.6% in Q4 2008.

### Government to Set-up \$5 Billion Facility for Green Infrastructure

Japan's Government has unveiled plans to lend 490 billion yen (\$5 billion) to developing nations over a 2-year period to improve environmental infrastructure. The loan would be made available to commercial companies (private sector) who require funds for electricity generating ventures (solar power systems), water-related projects (sewage systems & water treatment equipment), as well as metropolitan public transportation systems to cut carbon-dioxide emissions.

### United States

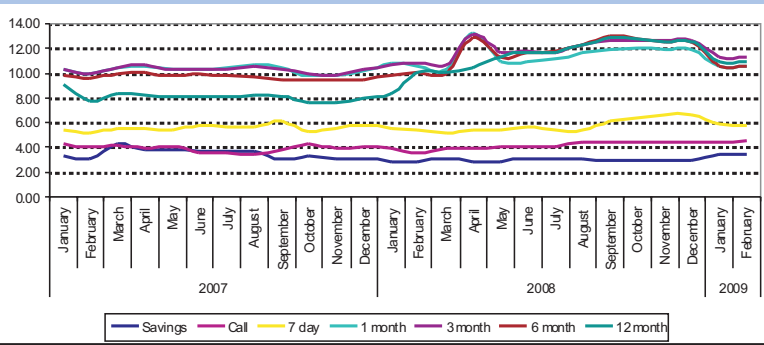
### China

### India

### Brazil

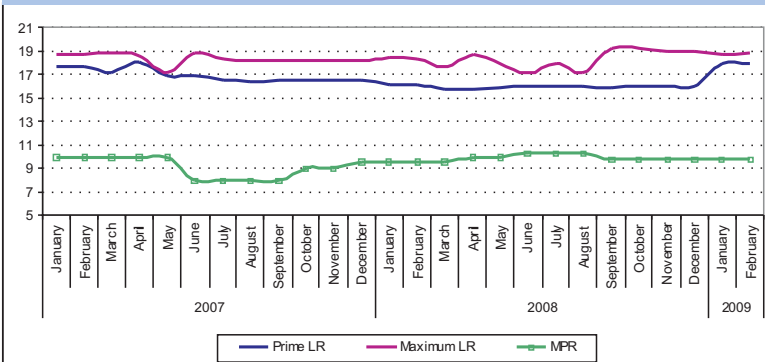
### Japan

Chart 17: Average Deposit Rates - Trend Analysis



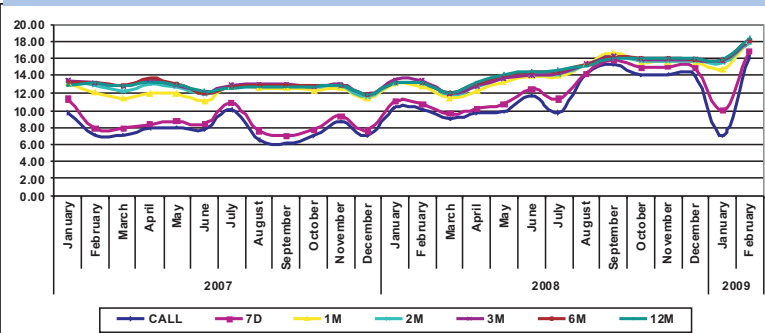
Source: FDHL & Money Market Association of Nigeria

Chart 18: Average Lending Rates vs Monetary Policy Rate - Trend Analysis



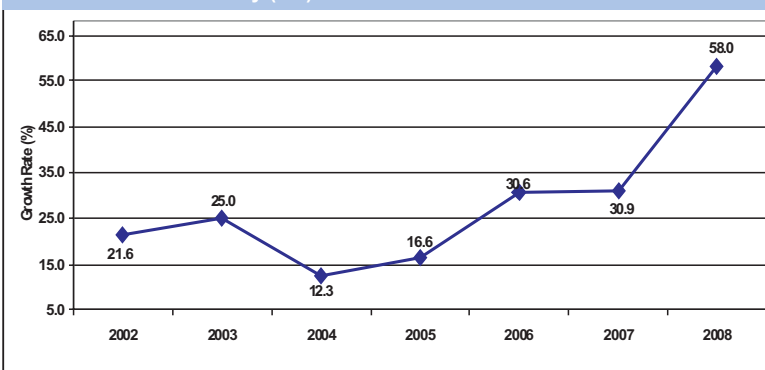
Source: CBN, FDHL & Money Market Association of Nigeria

Chart 19: NIBOR Rates - Trend Analysis



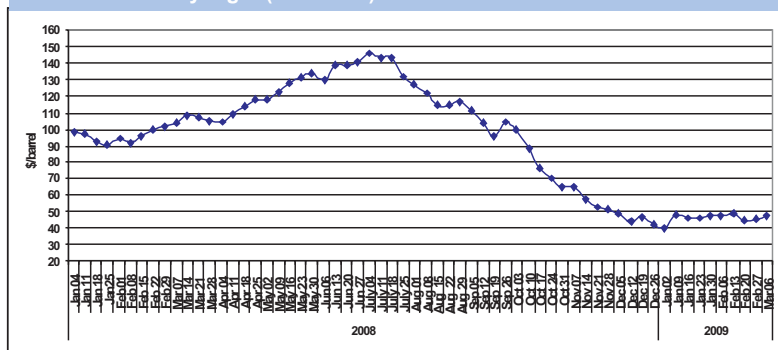
Source: FDHL & Money Market Association of Nigeria

Chart 20: Broad Money (M2)



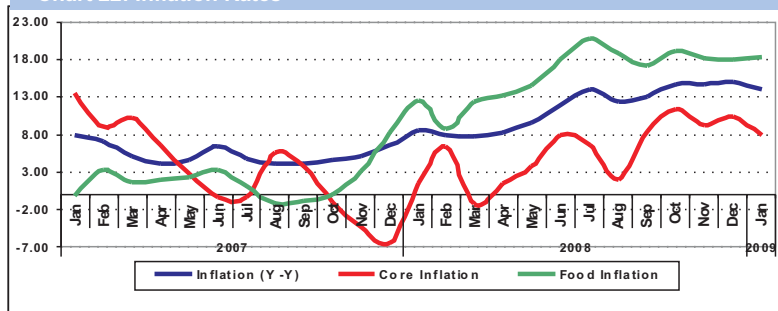
Source: CBN

Chart 21: Bonny Light (Crude Oil) Prices



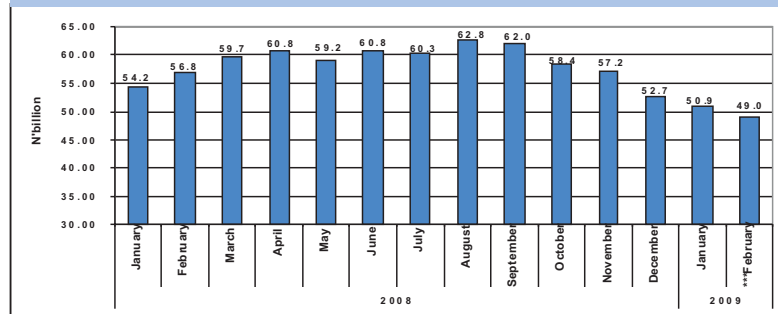
Source: Energy Information Administration (EIA)

Chart 22: Inflation Rates



Source: NBS

Chart 23: External Reserves



Source: CBN

Table 6: Weekly Forecast

Date	Exchange Rates			Deposit Rates			Crude Oil (Bonny Light)
	Official	BDC	Parallel	7 days	Call	365 Days	
16-Mar	146.4560	148.6760	175.6670	5.8810	4.7770	10.9830	45.2250
17-Mar	146.6400	148.8600	173.6670	5.8870	4.6620	10.8930	45.2470
18-Mar	146.5600	148.7800	170.7670	5.8940	4.6550	10.7850	45.2690
19-Mar	146.6100	148.8300	170.6670	5.9010	4.6500	10.7490	45.2910
20-Mar	146.6000	148.8200	170.1670	5.9080	4.6470	10.7130	45.3130

Source: Access Economic Intelligence Group

Table 7: Weekly Forecast

Date	Interbank Rates			Lending Rates		
	Call	7-Day	30-Day	O/Draft Normal	Loan Prime	Loan (Normal)
16-Mar	26.7080	27.0060	27.2050	18.4970	18.0000	18.7730
17-Mar	26.4000	26.6980	26.8970	18.4970	18.0000	18.7730
18-Mar	25.0920	25.3900	25.5880	18.4470	18.0000	18.7730
19-Mar	24.7830	25.0810	25.2800	18.4070	18.0000	18.7730
20-Mar	22.4750	22.7730	22.9720	18.4020	18.0000	18.7730

Source: Access Economic Intelligence Group

**Buzz word...****Liquidity trap**

In monetary economics, a liquidity trap occurs when the economy is stagnant, the nominal interest rate is close or equal to zero, and the monetary authority is unable to stimulate the economy with traditional monetary policy tools. In this kind of situation, people do not expect high returns on physical or financial investments, so they keep assets in short-term cash bank accounts, rather than make long-term investments. As cash holdings in banks rise, investment falls and a recession begins, but the monetary authorities are unable to stimulate economy by lowering the key

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