

DEVELOPMENTS IN THE FINANCIAL SYSTEM DURING THE SECOND QUARTER OF 1988

Developments during the quarter were characterized by further growth in monetary aggregates as the impact of the 1988 reflationary package continued to manifest itself in the economy. Thus, the narrow measure of money (M1) rose further by 6.3 per cent due largely to the expansion in bank credit to the economy. The attractive yield on financial savings continued to influence the growth in quasi money which, together with M1, caused the broad money (M2) to rise by 6.9 per cent during the quarter.

The numerical expansion of financial houses received a boost during the quarter following the establishment of four banks (two commercial and two merchant) and nine stock brokerage firms. Overall, developments in the capital market was mixed – while activities in the new issues market showed moderate growth, the secondary market witnessed a decline.

Institutional Development

The numerical expansion of the financial sector improved further with the establishment of four banks (two commercial and two merchant) and nine stock brokerage firms. The new commercial banks are Eko International Bank – owned jointly by the Lagos State Government, individuals and organisations, and Inland Bank of Bauchi State Government. The additional merchant banks are: the Fidelity Union Merchant Bank and Alpha Merchant Bank Limited. Thus, the number of commercial banks operating in the country increased to 35, while that of merchant banks rose to 18.

The new stock brokerage firms are: Mainland Trust Limited, Unit Trust Securities Limited, Unique Securities and Finance Company Limited. Others are: Trust Securities Limited, Transglobe Investment and Finance Company Limited, Finance Intermediaries Limited, Fidelity Finance Company Limited, Continental and Allied Finance Limited, and Equity Securities Limited. Overall, a total of 42 brokerage firms now operate in the Nigerian capital market.

Money Supply

As a result of the reflationary policy stance adopted in 1988, money supply narrowly defined (M1) rose contra-seasonally during the review quarter. Thus, M1 increased by ₦993.3 million or 6.3 per cent compared with the fall of ₦427.4 million or 3.5 per cent in the comparable quarter of 1987. On a monthly average basis, M1 stood at ₦16.5 billion, compared with ₦12.1 billion in the same quarter of 1987.

The factors which influenced the expansion in M1 were the increases in bank credit to the economy (₦950.3 million) and 'other' assets (net) of the banking system (₦1.5 billion). The expansionary impact of these factors was substantially offset by the contractionary effect following the decline of ₦179.5 million in foreign assets of the banking system and the rise of ₦1.3 billion in quasi money (See Table 1). Both currency and demand deposit components contributed to the increase with the latter accounting for 61.3 per cent of the total increase.

The increase in M1, reinforced by the sharp rise in quasi money, caused the broad to increase by ₦2.3 billion or 6.9 per cent, compared with the increases of ₦2.6 billion or

8.8 per cent during the preceding quarter and ₦347.4 million or 1.4 per cent in the comparable quarter of 1987. The monthly average level of M2 was ₦34.0 billion, compared with ₦31.8 billion in the preceding quarter and ₦24.4 billion in the corresponding quarter in 1987.

Banking System's Credit

Aggregate net bank credit to the domestic economy increased by ₦950.3 million or 2.1 per cent (to ₦46.9 billion). The increase was substantially below the rise of ₦3.9 billion or 9.3 per cent recorded in the preceding quarter as efforts were made to moderate the growth of bank credit to the economy. However, in the comparable quarter of 1987, a lower increase of ₦209.9 million or 0.6 per cent was observed. The private sector absorbed 52.1 per cent of the total increase, while the remainder (47.9 per cent) went to the Government. Thus, bank credit to the private sector rose by ₦495.1 million or 2.3 per cent, (to ₦21.9 billion), compared with the increase of ₦1.5 billion or 7.8 per cent in the preceding quarter and ₦650.1 million or 3.7 per cent in the corresponding quarter of 1987. Commercial banks' lending accounted wholly for the increase in credit to the private sector while the Central Bank claims on the sector declined. Similarly credit to Government, which rose by ₦455.2 million or 1.9 per cent (to ₦25.1 billion) was traced wholly to the commercial banks. Their claims on this sector, which increased by ₦1.1 billion or 14.2 per cent (to ₦8.8 billion) occurred largely through investments in Government short-term instruments, particularly treasury bills. This was partially offset by the fall of ₦646.2 million or 3.8 per cent in the Central Bank's credit to the sector.

Foreign Assets

Foreign assets of the banking system fall by ₦179.5 million or 2.6 per cent (to ₦7.0 billion) as against the rise of ₦431.1 million or 6.4 per cent in the preceding quarter, vis-a-vis a decline of ₦94.9 million or 2.2 per cent in the corresponding period of 1987. The decline was traced wholly to the Central Bank's holdings which fell by ₦883.5 million or 20.0 per cent, (to ₦3.5 billion) as disbursements of foreign exchange exceeded inflow. Conversely, commercial banks' holding rose by ₦704.0 million or 25.3 per cent (to ₦3.5 billion) due largely to the allocations from the Foreign Exchange Market which were held mainly with their correspondent banks abroad and awaiting disbursement.

Commercial Banking

Total assets/liabilities of the commercial banking system rose by ₦1.8 billion or 3.4 per cent (to ₦53.8 billion) compared with the increases of ₦2.3 billion or 4.7 per cent in the preceding quarter and ₦789.8 million or 2.0 per cent in the comparable quarter of 1987. Investible funds which were derived mainly from deposit liabilities including certificates of deposit were used largely to expand loans and investments. (See Table 2).

As a result of the expansionary credit policy that was adopted in 1988, commercial banks' Loans and advances (excluding money at call with other banks) increased by ₦668.4 million or 3.8 per cent (to ₦18.2 billion) thus

exceeding the prescribed ceiling of 2.0 per cent for the quarter. This performance mirrored the 4.4 per cent or ₦745.8 million, and 4.0 per cent or ₦636.4 million increases recorded in the preceding and corresponding quarters in 1988 and 1987 respectively.

The banks failed to meet the sectoral targets set for the allocation of their loans and advances, as loans and advances to the high priority sectors averaged 45.3 per cent, as against the minimum prescribed target of 50 per cent. However, this represented an improvement when compared with the shortfall of 8.2 per cent in the comparable quarter of 1987. Allocation to agricultural and manufacturing sectors averaged 15.0 and 30.3 per cent, compared with 12.6 and 29.2 per cent in the same quarter of 1987 and the prescribed targets of 15.0 and 35.0 per cent. On the other hand, the banks exceeded the maximum allocation of 50.0 per cent stipulated for "other" sectors by 4.7 percentage points compared with the excess of 5.8 percentage points in the corresponding quarter a year earlier (See Table 3).

Aggregate investments rose by ₦1.0 billion or 9.8 per cent (to ₦11.2 billion). This compared with the increases of ₦835.8 million or 8.9 per cent in the preceding quarter and ₦640.9 million or 10.8 per cent in the corresponding quarter of 1987. This increase was traced largely to the banks' investments in treasury bills.

Total deposit liabilities increased further by ₦2.2 billion or 8.7 per cent (to ₦27.1 billion). Comparable increases of ₦1.9 billion or 8.3 per cent and ₦808.7 million or 4.5 per cent were recorded in the preceding quarter and the corresponding quarter of 1987, respectively. All the deposit types contributed to the increase with time and savings deposits together accounting for 58.0 per cent of the increase.

Merchant Banking

Total assets/liabilities of the banks increased by ₦645.1 million or 5.1 per cent (to ₦13.2 billion). This compared with the increases of ₦297.4 million or 2.4 per cent in the preceding quarter and ₦1.2 billion or 13.2 per cent in the corresponding quarter of 1987. Investible funds accrued mainly from increases in deposit liabilities, call money, and balances held for other banks. The funds were utilized largely to expand loans, investments and balances held with other banks (See Table 4).

Aggregate loans and advances rose by ₦292.3 million or 8.3 per cent (to ₦3.8 billion). Increases of ₦268.5 million or 8.3 per cent and ₦515.2 million or 16.4 per cent were recorded in the preceding quarter and the corresponding quarter of 1987, respectively. As a proportion of total assets (less contra items) loans and advances constituted 36.7 per cent, compared with prescribed ceiling of 47.0 per cent. Allocation to the high priority sectors averaged 58.5 per cent, representing 8.5 percentage points above the prescribed minimum target of 50.0 per cent. The shares of agricultural and manufacturing enterprises were 11.2 per cent and 47.3 per cent as against the stipulated targets of 10.0 and 40.0 per cent, respectively. Other sectors collectively received 41.5 per cent, compared with the prescribed ceiling of 50.0 per cent (See Table 5). Overall, the banks fully complied with the prescribed sectoral targets during the period.

Investments totalled ₦2.3 billion at the end of the quarter showing an increase of ₦29.5 million or 1.3 per cent as against

the decline of ₦157.8 million or 6.9 per cent in the preceding quarter. In the corresponding quarter of 1987, an increase of ₦43.2 million or 7.9 per cent was recorded. The increase was traced largely to the rise in the banks' investments in treasury bills (₦55.5 million) which more than offset the declines in the banks' holdings of development stocks (₦5.5 million) and money placed on call with other banks (₦39.8 million).

The value of equipment on lease rose by ₦81.9 million or 13.0 per cent (to ₦636.9 million). As a percentage of total assets, equipment leasing accounted for 4.7 per cent, compared with 4.3 per cent achieved in the preceding quarter and the prescribed maximum target of 15.0 per cent for the fiscal year, 1988.

Deposit liabilities totalled ₦3.7 billion at the end of the review quarter, representing an increase of ₦201.9 million or 5.7 per cent. This mirrored the increases of ₦157.9 million or 4.7 per cent in the preceding quarter and ₦422.5 million or 18.4 per cent in the same quarter of 1987. The increase during the quarter was wholly accounted for by the rise of ₦306 million or 10.6 per cent in time deposits which more than offset the decline of ₦104.8 million or 16.1 per cent in demand deposit component.

Financial Markets

The new issues market was active during the quarter as two companies availed themselves of the resources of the market. The new issues comprised one equity and one industrial loan stock. The details of the issues are:

1. John Holt Limited (7,178,443 ordinary shares of 50k at 170k per share).
2. Savannah Bank of Nigeria Limited (40.0 million, 15% per cent "floating rate" loan stock, 1994/1998. The interest yield on this stock shall fluctuate between 14 and 19 per cent per annum, depending on movements in Central Bank's Minimum Rediscount Rate.

The value of total money market assets outstanding fell by ₦200.5 million or 0.6 per cent to ₦33.5 billion during the quarter due to the non-replacement of the ₦85.0 million worth of treasury certificates which matured in May 1988 and the drop of ₦132.0 million in commercial paper. These were partially offset by increases in eligible development stocks and certificates of deposits during the same period. Out of the total money market assets outstanding, treasury bills constituted 75.2 per cent, compared with 74.8 per cent in the preceding quarter. The Central Bank held 49.5 per cent of the treasury bills outstanding as against 70.7 per cent at the end of the first quarter of the year.

Money and Banking Office
Domestic Finance Division
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MONETARY AND CREDIT DEVELOPMENTS IN THE SECOND QUARTER OF 1988
(₹ Million)

Table 1

	June*	March	December	June	Changes Between		Changes Between		Changes Between	
	1988	1988	1987	1987	(1) & (2)		(2) & (3)		(1) & (4)	
	(1)	(2)	(3)	(4)	Absolute	Per cent	Absolute	Per cent	Absolute	Per cent
CREDIT TO DOMESTIC ECONOMY (NET)	46,953.8	46,003.5	42,082.0	38,330.3	+950.3	+2.1	+3,921.5	+9.3	+8,623.5	+22.5
CREDIT TO PRIVATE SECTOR	21,856.6	21,361.5	19,817.0	18,170.0	+495.1	+2.3	+1,544.5	+7.8	+3,686.6	+20.3
(i) Central Bank	1,882.9	1,932.4	1,917.3	1,621.6	-49.5	-2.6	+15.1	+0.8	+261.3	+16.1
(ii) Commercial Banks	19,973.7	19,429.1	17,899.7	16,548.4	+544.6	+2.8	+1,529.4	+8.5	+3,425.3	+20.7
CREDIT TO GOVERNMENT SECTOR (NET)	25,097.2	24,642.0	22,265.0	20,160.3	+455.2	+1.9	+2,377.0	+10.7	+4,936.9	+24.5
(i) Central Bank ¹	16,254.7	16,900.9	14,293.5	14,214.4	-646.2	-3.8	+2,607.4	+18.2	+2,040.3	+14.4
(ii) Commercial Banks ²	8,842.5	7,741.1	7,971.5	5,945.9	+1,101.4	+14.2	-230.4	-2.9	+2,896.6	+48.7
(iii) Federal Savings Bank	—	—	—	—	—	—	—	—	—	—
FOREIGN ASSETS (NETS)	7,022.8	7,202.3	6,771.2	4,229.1	-179.5	-2.5	+431.1	+6.4	+2,793.7	+66.1
(i) Central Bank ³	3,535.9	4,419.4	4,660.1	2,974.5	-883.5	-20.0	-240.7	-5.2	+561.4	+18.9
(ii) Commercial Banks	3,486.9	2,782.9	2,111.1	1,254.6	+704.0	+25.3	+671.8	+31.8	+2,232.3	+177.9
OTHER ASSETS (NET)	-19,087.9	-20,575.0	-18,858.6	-18,189.6	+1,487.1	+7.2	-1,716.4	-9.1	-898.3	-4.9
TOTAL MONETARY ASSETS	34,888.7	32,630.8	29,994.6	24,369.8	+2,257.9	+6.9	+2,636.2	+8.8	+10,518.9	+43.2
QUASI MONEY	18,011.4	16,746.8	15,088.7	12,558.6	+1,264.6	+7.6	+1,658.1	+11.0	+5,452.8	+43.4
MONEY SUPPLY	16,877.3	15,884.0	14,905.9	11,811.2	+993.3	+6.3	+978.1	+6.6	+5,066.1	+42.9
(i) Currency Outside Banks	6,923.5	6,539.3	6,298.6	4,833.6	+384.2	+5.9	+240.7	+3.8	+2,089.9	+43.2
(ii) Private Sector Demand Deposits	9,953.8	9,344.7	8,607.3	6,977.6	+609.1	+6.5	+737.4	+8.6	+2,976.2	+42.7
TOTAL MONETARY LIABILITIES	34,888.7	32,630.8	29,994.6	24,369.8	+2,257.9	+6.9	+2,636.2	+8.8	+10,518.9	+43.2
FED. GOV'T. DEMAND DEPOSITS	7,040.7	8,745.1	5,193.6	4,379.9	-1,704.4	-19.5	+3,551.5	+68.4	+2,660.8	+60.8

¹ Less Federal Government deposit with the Central Bank and Fed. Govt. external assets

² Less Federal Government demand deposits with commercial banks

³ Includes Federal Government External Assets * Provisional

COMMERCIAL BANKING SYSTEM
COMPARATIVE STATEMENTS OF ASSETS AND LIABILITIES
(N thousand)

Table 2

Accounts	June**	March	June*	Percentage	
	1988	1988	1987	change between	
	(1)	(2)	(3)	(1) & (2)	(1) & (3)
ASSETS					
1. Cash and cash items	1,627.0	1,571.9	1,162.0	+3.5	+40.0
(a) Vault cash	555.8	489.9	463.8	+13.5	+19.8
(b) Balance at Central Bank	1,071.2	1,082.0	698.2	-1.0	+53.4
2. Balance held with	5,643.6	4,981.8	2,610.3	+13.3	+116.2
(a) Banks in Nigeria	1,536.6	1,477.5	484.7	+4.0	+217.0
(b) Banks outside Nigeria	3,588.4	3,023.9	1,920.2	+18.7	+86.9
(c) Offices and branches outside Nigeria	518.7	480.4	205.3	+8.0	+152.7
3. Loans and Advances Excluding Money at call	18,178.4	17,510.0	15,714.4	+3.8	+15.7
(a) Banks in Nigeria	1.1	0.8	117.8	+3.9	-99.1
(b) Banks Outside Nigeria	-	-	-	-	-
(c) Other customers	17,989.0	17,318.5	15,445.3	+37.5	+16.5
(i) Banks' Subsidiaries	(-)	(-)	(-)	-	-
(ii) Federal Government	(146.0)	(73.1)	(64.2)	+99.7	+127.4
(iii) State Government	(499.5)	(569.5)	(460.0)	-12.3	+8.6
(iv) Local Governments	(22.7)	(24.9)	(28.9)	-8.8	-21.5
(v) Other	17,320.7	16,651.0	14,892.2	+4.0	+16.3
(d) Banks outside Nigeria	-	-	-	-	-
(e) Money at call outside Central Bank	-	-	-	-	-
(f) Bills discounted	188.3	190.6	151.3	-1.2	+24.4
(i) Payable in Nigeria	(187.6)	(189.8)	(150.7)	-1.2	+24.5
(ii) Payable outside Nigeria	(0.7)	(0.8)	(0.6)	-12.5	+16.7
Factored Debt	-	-	-	-	-
4. Investment Including Money at call	11,235.1	10,229.9	1,277.9	+9.8	+54.4
(a) In Nigeria	11,233.0	10,227.8	7,277.9	+9.8	+54.4
(i) Treasury bills	(6,416.9)	(5,333.1)	(4,474.8)	+20.3	+43.4
(ii) Treasury certificates	(2,457.7)	(2,447.8)	(1,266.3)	+0.4	+94.1
(iii) Development stocks	(409.2)	(445.1)	(508.7)	-8.1	-19.6
(iv) Bankers' Unit Fund	(6.0)	(8.0)	11.6	-25.0	-48.3
(v) Certificates of Deposit	(516.0)	(480.0)	(217.5)	+7.5	+137.2
(vi) Money at call outside CBN	(1,186.7)	(1,180.3)	(725.2)	+0.5	+63.6
(vii) Other	(240.4)	(333.5)	(798.9)	0.0	0.0
(b) Abroad	2.1	2.1	-	-	-
Equipment on Lease	-	-	-	-	-
5. Other Assets	17,156.1	17,756.8	14,324.1	-3.4	+19.8
TOTAL	53,840.3	52,050.6	41,088.7	+3.4	+31.0
LIABILITIES					
1. Capital: Issued, paid-up & reserve	1,750.2	1,707.2	1,457.2	+2.5	+20.1
2. Balance held for	1,020.8	1,227.1	1,155.5	-16.8	-11.7
(a) Banks in Nigeria	587.9	502.7	284.0	+17.0	+107.0
(b) Other banks outside Nigeria	216.7	544.8	641.0	-60.2	-66.2
(c) Offices & branches outside Nigeria	216.2	179.6	230.4	+20.4	-6.2
3. Money at call from other banks	290.2	334.1	195.9	-13.1	+48.1
(a) In Nigeria	290.2	334.1	195.9	-13.1	+48.1
(b) Outside Nigeria	-	-	-	-	-
4. Loans and advances from	465.7	299.4	188.0	+55.5	+147.7
(a) Central Bank of Nigeria	20.0	54.0	-	-63.0	0.0
(b) Other banks in Nigeria	16.5	12.0	12.2	+37.5	+35.2
(c) Other banks outside Nigeria	190.1	-	-	0.0	0.0
(d) Other creditors	239.1	233.4	175.8	+2.4	+36.0
5. Deposits	27,087.4	24,908.1	18,753.6	+8.7	+44.4
(a) Demand	9,076.0	8,161.3	6,195.0	+11.2	+46.5
(b) Savings	6,132.6	5,728.4	4,638.0	+7.1	+32.2
(c) Time	11,878.8	11,018.4	7,920.6	+7.8	+50.0
6. Certificates of Deposit	86.3	84.9	100.0	+1.6	-15.1
7. Other Liabilities	23,139.7	23,489.6	19,238.5	+1.5	+20.3
TOTAL	53,840.3	52,050.6	41,088.7	+3.4	+31.0

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* REVISED
** PROVISIONAL

COMMERCIAL BANKS LOANS AND ADVANCES CLASSIFIED¹ BY PURPOSE
(PERCENTAGE)

Table 3

Sectors	Prescribed Percentage for		Quarterly Average in the		Deviation from Targets in	
	1987	1988	2nd quarter 1987	2nd quarter 1988	2nd quarter 1987	2nd quarter 1988
A. High priority Sectors						
(i) Agricultural Production (Agric Forestry and Fishery)	50.0	50.0	41.8	45.3	-8.2	-4.7
(ii) Manufacturing Enterprises (including agro-allied industries)	(15.0)	(15.0)	(12.6)	(15.0)	-2.4	(0.0)
B. Other Sectors	(35.0)	(35.0)	(29.2)	(30.3)	-5.8	(-4.7)
TOTAL	50.0	50.0	58.2	54.7	+8.2	+4.7
	100.0	100.0	100.0	100.0	-	-

¹ In 1987, Commercial Banks Loans and Advances included Money at Call, while this was excluded in 1988.

MERCHANT BANKING SYSTEM
COMPARATIVE STATEMENTS OF ASSETS AND LIABILITIES

Table 4

(N' thousand)

Accounts	June 1988 (1)	March 1988 (2)	June 1987 (3)	Percentage change between	
				(1) & (2)	(1) & (3)
ASSETS					
1. Cash and cash items.	194.0	234.1	253.2	-17.1	-23.4
(a) Vault cash	0.7	1.2	1.0	-41.7	-30.0
(b) Balance at Central Bank.	193.3	232.9	252.6	-17.0	-23.5
2. Balance held with	2,135.5	1,643.1	1,500.4	+30.0	+42.3
(a) Banks in Nigeria.	229.8	153.1	63.2	+50.1	+263.3
(b) Banks outside Nigeria.	1,905.7	1,490.0	1,437.2	+27.9	+32.6
(c) Offices and branches outside Nigeria.	-	-	-	-	-
3. Loans and Advances Excluding ²					
Money at Call.	3,791.1	3,498.8	2,659.6	+8.3	+42.5
(a) Banks in Nigeria.	8.2	5.3	1.6	+54.7	+412.5
(b) Other customers	3,782.9	3,165.3	2,658.0	+19.5	+42.3
(i) Banks' Subsidiaries.	(-)	(-)	(-)	-	-
(ii) Federal Government	(0.3)	(0.3)	(-)	0.0	0.0
(iii) State Government	(38.2)	(14.3)	(3.3)	+169.0	+1,057.6
(iv) Local Governments	(-)	(-)	(-)	-	-
(v) Other.	(3,545.9)	(3,150.7)	(2,423.3)	+12.5	+46.3
(c) Banks outside Nigeria	-	-	-	-	-
(d) Money at call outside Central Bank.	-	-	-	-	-
(e) Bills discounted.	198.5	328.2	231.4	-39.5	-14.2
(i) Payable in Nigeria.	(198.5)	(328.2)	(231.4)	-39.5	-14.2
(ii) Payable outside Nigeria.	-	-	-	-	-
4. Factored Debts.	(-)	(-)	(0.1)	0.0	-100.0
5. Investment.	2,302.3	2,272.8	1,880.7	+1.3	+22.4
(a) In Nigeria.	2,302.3	2,272.8	1,880.7	+1.3	+22.4
(i) Treasury bills	(145.1)	(89.6)	(264.1)	+61.9	-45.1
(ii) Treasury certificates.	(24.9)	(24.8)	(18.6)	+0.4	+33.9
(iii) Development stocks.	(22.5)	(28.0)	(0.2)	-19.6	+11,150.0
(iv) Bankers' Unit Fund.	(-)	(-)	(-)	(-)	(-)
(v) Certificates of Deposit.	(720.2)	(719.7)	(410.6)	+0.1	+75.4
(vi) Money at call.	(1,232.6)	(1,276.4)	(1,113.3)	-3.4	+10.7
(vii) Other.	(157.0)	(134.3)	(73.9)	+16.9	+112.4
(b) Abroad.	-	-	-	-	-
6. Equipment on Lease.	626.9	545.0	246.7	+15.0	+154.1
7. Other Assets.	4,172.7	4,383.6	4,139.3	-4.8	+0.8
TOTAL	13,222.5	12,577.4	10,679.9	+5.1	+23.8
LIABILITIES					
1. Capital: Issued, paid-up & reserve	350.6	310.8	265.2	+12.8	+32.2
2. Balance held for	189.1	173.1	112.1	+9.2	+68.7
(a) Banks in Nigeria	116.8	118.0	56.6	-1.0	+106.4
(b) Other banks outside Nigeria.	72.3	55.1	55.5	+31.2	+30.3
(c) Offices & branches outside Nigeria.	-	-	-	-	-
3. Money at call from other banks	1,274.5	1,126.5	741.7	+13.1	+71.8
(a) In Nigeria.	1,245.1	1,099.4	735.1	+13.2	+69.4
(b) Outside Nigeria.	29.4	27.1	6.6	+8.5	+345.4
4. Loans and advances from.	27.0	25.2	21.5	+7.1	+25.6
(a) Central Bank of Nigeria.	4.2	2.3	-	+82.6	0.0
(b) Other banks in Nigeria.	-	-	-	-	-
(c) Other banks outside Nigeria.	-	-	-	-	-
(d) Other creditors.	22.8	22.9	21.5	-0.4	+6.0
5. Deposits.	3,742.8	3,540.9	2,713.8	+5.7	+37.9
(a) Demand.	545.5	650.3	581.7	-16.1	-6.2
(b) Savings.	-	-	-	-	-
(c) Time	3,197.3	2,890.6	2,122.1	+10.6	+50.7
6. Certificates of Deposit	393.1	465.4	354.3	-15.5	+11.0
7. Other Liabilities.	7,245.4	6,935.5	6,471.3	+4.5	+12.0
TOTAL	13,222.5	12,577.4	10,679.9	+5.1	+23.8

N.E. OGBE, Director of Research

**MERCHANT BANKS LOANS AND ADVANCES¹ CLASSIFIED BY PURPOSE
(PERCENTAGE)**

Table 5

Sectors	Prescribed Percentage For		Quarterly Average in the		Deviation from Targets in	
	1987	1988	2nd quarter of 1987	2nd quarter of 1988	2nd quarter of 1987	2nd quarter of 1988
A. High Priority Sectors						
(i) Agricultural Production (Agric. Forestry and Fishery)	50.0 (10.0)	50.0 (10.0)	42.4 (6.9)	58.5 (11.2)	-7.6 (-3.1)	+8.5 (+1.2)
(ii) Manufacturing Enterprises (in- cluding agro-allied industries)	(40.0)	(40.0)	(35.5)	(47.3)	(-4.5)	(+7.3)
B. Other Sectors	50.0	50.0	57.6	41.5	+7.6	-8.5
TOTAL	100.0	100.0	100.0	100.0	-	-

¹ Merchant Banks Loans and Advances in 1987, included Money At Call, while this was excluded in 1988.