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## FAAC

The Federal Allocation Accounts Committee report shows an improvement in the revenue allocation to the tiers of government in the month of June 2017, relative to the month of May 2017. FAAC disbursed a total of N462.4 billion, representing 11 percent increase from the disbursements in the preceding month<sup>1</sup>. The month-on-month improvement originated from the liquidation of the NNPC's indebtedness to FAAC – The NNPC offset its long-term debt in the review month<sup>2</sup>. Going forward, relevant federal, state and local government authorities should augment their capacity to implement good tax policies, possibly earmarking taxes to development projects, to not only boost government revenue but also development outcomes.



## Crude Oil Price

Global oil price edged upwards in the review week. International crude benchmark, Brent, rose week-on-week by 3.1 percent to \$50 per barrel as at July 21, 2017<sup>3</sup> – a level it had not attained since June. The remarkable gains followed demand-side progress – earlier statistics from China showed increase in crude imports<sup>4</sup>, indicating prospects of higher demand. This was also complimented by the huge drop in US domestic crude production (Crude reserves fell by 4.7 million barrels<sup>5</sup>). If the trend is sustained, Nigeria could record further rise in its Gross Federally Collected Revenue. Nevertheless, there remains a need for Nigeria to overcome the challenge of harnessing its oil and gas resources by making strategic policy choices and ensuring coordination in policy implementation to minimize macroeconomic distortions.



## Exchange Rate and External reserves

The Naira continued to appreciate marginally at the parallel market from July 14 to July 21, 2017. Specifically, the Naira rose slightly by N1 to exchange at N366/\$<sup>6</sup>. The increase is likely at the backdrop of CBN's liquidity intervention during the week – the CBN injected \$195 million for end users<sup>7</sup>. In addition, the naira's relative stability is attributable to the persistent growth of the external reserve; the reserve also grew week-on-week marginally by 0.5 percent to 30.57 billion<sup>8</sup>. While the current intervention has proved effective in stabilizing naira in the interim, however, the sustainability of the strategy over the long-term remains a mirage given uncertainties surrounding the rebounding of oil prices in the world market. Going forward, there is need for the monetary authority to come out clear on the exchange rate policy strategy so as to restore confidence in the forex market. Exchange rate strategy that eliminates current multiple exchange rate and driven by market mechanism need be considered.



## Stock Market

The Nigeria Stock Exchange recorded bullish activities from July 14 to July 21, 2017. The two major market indices, ASI (All share index) and MCAP (Market Capitalization) increased by 2.3 percent to 34,020.4 points and N11.7 trillion respectively<sup>9</sup>. Also, all other market indices closed positive, with the exception of NSE insurance index which closed negative. Stock Market indices improved due to the increase in total transaction volumes at the bourse, which may have initially been triggered by better half-year and quarterly earnings reports released by some listed companies<sup>10</sup>. Going forward, continuous improvement in the stock market performance would be sustained by an outlook of economic recovery and stability in the macro-policy environment.



## ECONOMIC INDICATORS

<b>QUARTERLY ECONOMIC INDICATORS</b>	<b>2016Q3</b>	<b>2016Q4</b>	<b>2017Q1</b>
<b>GDP Growth Rate (%)</b>	-2.34*	-1.73*	-0.52
<b>Oil GDP (%)</b>	-23.04*	-17.70*	-11.64
<b>Non-Oil GDP (%)</b>	0.03	-0.33	0.72
<b>Unemployment Rate (%)</b>	13.9	14.2	NA
<b>Underemployment Rate (%)</b>	19.7	21.0	NA
<b>Foreign Direct Investment (US \$'Million)</b>	340.64	344.63	211.38
<b>Portfolio Investment (US \$'Million)</b>	920.32	284.22	313.61
<b>Other Investments (US \$'Million)</b>	561.16	920.03	383.28
<b>External Debt (FGN &amp; States - N'Billion)</b>	3,535.58	3,478.91	4,229.96
<b>Domestic Debt (FGN - N'Billion)</b>	10,845.22	11,058.20	11,971.34
<b>Manufacturing Capacity Utilisation (%)</b>	48.4	48.5	53.7

<b>MONTHLY ECONOMIC INDICATORS</b>	<b>Apr-2017</b>	<b>May-2017</b>	<b>June-2017</b>
<b>Headline Inflation (%)</b>	17.24	16.25	16.1
<b>Food Sub-Index (%)</b>	19.30	19.27	19.91
<b>Core Sub-Index (%)</b>	14.80	13.00	12.5
<b>External Reserve (US\$ Million)</b>	30,749.28	29,811.85	NA
<b>All Share Index (Points)</b>	25,758.51	29,498.31	33,117.48
<b>Market Capitalization (N' Billion)</b>	8,912.90	10,197.73	11,452.12
<b>Exchange Rate (BDC - N/US\$)</b>	392.89	384.48	366.25
<b>Official Rate (N/US\$)</b>	306.05	305.54	305.72
<b>Manufacturing PMI</b>	51.1	52.5	52.9
<b>Non-Manufacturing PMI</b>	49.5	52.7	54.2
<b>Crude Oil Price(US\$/Barrel)</b>	52.94	50.57	47.42
<b>Petrol (PMS - N/litre)</b>	149.9	150.57	150.3
<b>Diesel (AGO - N/litre)</b>	229.25	216.3	210.42
<b>Kerosene (NHK - N/litre)</b>	280.80	303.29	287.3
<b>MPR (%)</b>	14	14	14
<b>Private Sector CRR (%)</b>	22.5	22.5	22.5
<b>Public Sector CRR (%)</b>	22.5	22.5	22.5
<b>91 Day T-Bill Rate (%)</b>	13.58	13.5	13.5
<b>Savings Deposit (%)</b>	4.24	4.08	4.08
<b>Prime Lending (%)</b>	17.44	17.58	17.59
<b>Maximum Lending (%)</b>	30.31	30.75	30.94
<b>Narrow Money (N'Billion)</b>	9,760.42	10,184.90	9,883.82
<b>Broad Money (N'Billion)</b>	21,712.98	21,975.34	21,674.21
<b>Net Domestic Credit (N'Billion)</b>	27,534.71	26,758.77	26,921.03
<b>Credit to Government (N'Billion)</b>	5,591.83	4,828.05	4,942.47
<b>Credit to Private Sector (N'Billion)</b>	2,194.29	2,193.07	2,197.86
<b>Currency in Circulation (N'Billion)</b>	1,975.81	1,897.92	1,873.54
<b>FAAC (N' Billion)</b>	496.39	418.8	462.4

\*Revised GDP figures

NA: Not Available

- <sup>1</sup> National Bureau of Statistics (2017). “Federation Account Allocation Committee (FAAC) June 2017 Disbursement”. Retrieved from, <http://www.nigerianstat.gov.ng/elibrary>
- <sup>2</sup>This Day (2017). “FG, States, LGs Share N462bn for May as Allocation Improves”. Accessed July 25, 2017. <https://www.thisdaylive.com/index.php/2017/06/23/fg-states-lgs-share-n462bn-for-may-as-allocation-improves/>
- <sup>3</sup>The Week (2017). “Oil price goes back above \$50... briefly”. Accessed July 25, 2017. <http://www.theweek.co.uk/oil-price/60838/oil-price-still-rising-after-biggest-one-day-rally-of-2017>
- <sup>4</sup>Reuters (2017). “China crude oil imports hold at strong levels in June”. Accessed July 25, 2017. <http://www.hydrocarbonprocessing.com/news/2017/07/china-crude-oil-imports-hold-at-strong-levels-in-june>
- <sup>5</sup>The Telegraph (2017). “Oil climbs back to \$50 as US oil stocks drain”. Accessed July 25, 2017. <http://www.telegraph.co.uk/business/2017/07/20/oil-climbs-back-50-us-oil-stocks-drain/>
- <sup>6</sup>Abokifx (2017). “Lagos Black Market Rate”. Accessed July 31, 2017. [https://abokifx.com/ratetypes/?rates=lagos\\_previous](https://abokifx.com/ratetypes/?rates=lagos_previous)
- <sup>7</sup>Vanguard (2017). “Naira appreciates at NAFEX as CBN injects \$195/\$”. Accessed July 27, 2017. <http://www.vanguardngr.com/2017/07/naira-appreciates-nafex-cbn-injects-195/>
- <sup>8</sup>CBN (2017). “Movement in Reserves”. Accessed August 1, 2017. <http://www.cbn.gov.ng/IntOps/Reserve.asp?MoveDate=8/1/2017%208:32:26%20AM>
- <sup>9</sup>Nigeria Stock Exchange (2017). “Stock Market Report For July 21st, 2017”. [http://www.nse.com.ng/market\\_data-site/other-market-information-site/Week%20Market%20Report/Weekly%20Market%20Report%20for%20the%20Week%20Ended%2021-07-2017.pdf](http://www.nse.com.ng/market_data-site/other-market-information-site/Week%20Market%20Report/Weekly%20Market%20Report%20for%20the%20Week%20Ended%2021-07-2017.pdf)
- <sup>10</sup>Nairametrics (2017). “List of results released on the Nigerian Stock Exchange (Updated July 19 2017)”. <https://nairametrics.com/list-of-results-released-on-the-nigerian-stock-exchange-updated-may-5-2017/>

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<http://www.cbn.gov.ng/Out/2017/RSD/CBN%20Economic%20Report%20for%20First%20Quarter%202017.pdf>

<sup>2</sup>National Bureau of Statistics (2017). "Consumer Price Index: June 2017". Retrieved from,  
<http://nigerianstat.gov.ng/elibrary>

<sup>3</sup>CBN Database

<sup>4</sup>Proshare (2017). "Headline Inflation in June 2017 to Decline to 16.1%". Accessed July 18, 2017.  
<https://www.proshareng.com/news/Nigeria%20Economy/Headline-Inflation-in-June-2017-to-Divine-to-16.1Percent/35544>

<sup>5</sup>CBN (2017). "Economic Report May 2017". Pp 18, 19. Retrieved from,  
<https://www.cbn.gov.ng/Out/2017/RSD/CBN%20Economic%20Report%20for%20the%20Month%20of%20May%202017.pdf>

<sup>6</sup>CBN (2017). "Economic Report May 2017". Pp 18, 19. Retrieved from,  
<https://www.cbn.gov.ng/Out/2017/RSD/CBN%20Economic%20Report%20for%20the%20Month%20of%20May%202017.pdf>