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## Capital Importation

Recently released report by the National Bureau of Statistics shows that Nigeria recorded remarkable Year-on-Year (YoY) and Quarter-over-Quarter (QoQ) increase in capital importation. Total capital importation stood at \$1,792.3 million in 2017Q2, representing 72 percent YoY and 97 percent QoQ growths respectively<sup>1</sup>. Disaggregated data points to portfolio investment as the dominant type of investment imported, with a value of \$770.5 million, 43 percent of total capital importation. The increase in capital importation was driven by 145 percent QoQ surge in portfolio investment and a remarkable increase in capital imported through shares. This is likely linked to the significant improvements witnessed in All Share index, foreign portfolio participation in equities, and other indices at the Nation's bourse in 2017Q2, particularly in May and June 2017<sup>2</sup>. Going forward, to sustain investment growth over the medium-to-long term it would be necessary to minimize institutional uncertainties and improve investor protections. Particularly, improving the clarity and consistency of economic policies in time and application of the clarity of economic policies, as well as government's institutional readiness to enforce rules and ensure consequences for violation of industry regulations can go a long way.



## Inflation

Consumer Price Index, the measure for Inflation declined marginally by 0.05 percentage points from 16.10 percent recorded in June, 2017, to 16.05 in July 2017 – indicating six consecutive months of decline<sup>3</sup> but suggests a slower pace towards price stability as prices are still high relative to corresponding period in preceding base year. The core component of the CPI moderated by 0.3 percentage points to 12.2 percent. However, the Food sub-index rose slightly from 19.91 percent to 20.28 percent, but represents the highest Food inflation rate recorded since February 2009. Despite the slight reduction in fuel prices in the month<sup>4</sup>, domestic food prices continue to rise YoY<sup>5</sup>, indicating that it is not cost-push food inflation. Going forward, it is necessary for the government to facilitate the adoption of technologies that will make crops resilient to weather variations and boost agricultural productivity.



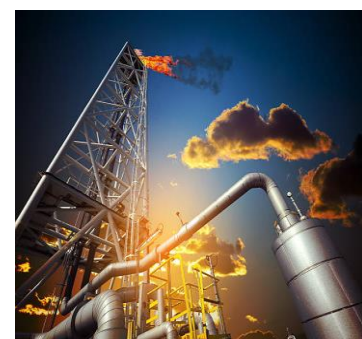
## FAAC

Recent report by NBS shows that the Federal Accounts Allocation Committee disbursed the sum of N652.2 billion in July 2017 – up by 41.1 percent from the N462.4 billion shared in June 2017<sup>6</sup>. This is the highest amount disbursed so far in 2017, and reflects higher allocations received by each tier of government in the month. The surge may likely be at the backdrop of the significant increase in Company Income Tax (CIT), and marginal increases in VAT and Custom duties<sup>7</sup>. Given the recent improvement in tax administration, there's need to explore the informal sector of the economy so as to scale up the country's revenue potential. Extending formality to the (huge) shadow economy would widen the tax net and complement revenue source from oil.



## Petroleum Products

Available reports show reduction in average selling prices of petroleum products for the month of July 2017, relative to June 2017. Specifically, month-on-month average prices of petrol (PMS), Diesel (AGO) and Kerosene (HHK) dropped by 1.4%, 6.1% and 2.4% to N148.2<sup>8</sup>, N197.6<sup>9</sup> and N280.5<sup>10</sup> per litre respectively. Moderation in prices may have been triggered by increased supply of crude oil for refining, which enhanced refinery operations and output. This followed indications from NNPC on full reclamation of the pipelines transferring crude oil to the three local refineries<sup>11</sup>. Going forward, adequate pipeline security and monitoring in addition to relative peace in the oil producing region is critical towards ensuring regular supply of crude oil to the refineries, enhance refining capacity and operational efficiency, and improve the supply of petroleum products at lower cost.



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## ECONOMIC INDICATORS

<b>QUARTERLY ECONOMIC INDICATORS</b>	<b>2016Q4</b>	<b>2017Q1</b>	<b>2017Q2</b>
<b>GDP Growth Rate (%)</b>	-1.73*	-0.52	NA
<b>Oil GDP (%)</b>	-17.70*	-11.64	NA
<b>Non-Oil GDP (%)</b>	-0.33	0.72	NA
<b>Unemployment Rate (%)</b>	14.2	NA	NA
<b>Underemployment Rate (%)</b>	21.0	NA	NA
<b>Foreign Direct Investment (US \$'Million)</b>	344.63	211.38	274.4
<b>Portfolio Investment (US \$'Million)</b>	284.22	313.61	770.5
<b>Other Investments (US \$'Million)</b>	920.03	383.28	747.5
<b>External Debt (FGN &amp; States - N'Billion)</b>	3,478.91	4,229.96	NA
<b>Domestic Debt (FGN - N'Billion)</b>	11,058.20	11,971.34	NA
<b>Manufacturing Capacity Utilisation (%)</b>	48.5	53.7	NA
<b>MONTHLY ECONOMIC INDICATORS</b>	<b>May-2017</b>	<b>June-2017</b>	<b>July-2017</b>
<b>Headline Inflation (%)</b>	16.25	16.1	16.05
<b>Food Sub-Index (%)</b>	19.27	19.91	20.28
<b>Core Sub-Index (%)</b>	13.00	12.5	12.2
<b>External Reserve (US\$ Million)</b>	29,811.85	30,340.96	NA
<b>All Share Index (Points)</b>	29,498.31	33,117.48	36,864.71
<b>Market Capitalization (N' Billion)</b>	10,197.73	11,452.12	12,705.45
<b>Exchange Rate (BDC - N/US\$)</b>	384.48	366.25	365.38
<b>Official Rate (N/US\$)</b>	305.54	305.72	305.86
<b>Manufacturing PMI</b>	52.5	52.9	54.1
<b>Non-Manufacturing PMI</b>	52.7	54.2	54.4
<b>Crude Oil Price(US\$/Barrel)</b>	50.57	47.42	NA
<b>Petrol (PMS - N/litre)</b>	150.57	150.3	148.2
<b>Diesel (AGO - N/litre)</b>	216.3	210.42	197.6
<b>Kerosene (NHK - N/litre)</b>	303.29	287.3	280.5
<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>	13.5	13.5	NA
<b>Savings Deposit (%)</b>	4.08	4.08	NA
<b>Prime Lending (%)</b>	17.58	17.59	NA
<b>Maximum Lending (%)</b>	30.75	30.94	NA
<b>Narrow Money (N'Billion)</b>	10,184.90	9,883.82	10,325.98
<b>Broad Money (N'Billion)</b>	21,975.34	21,674.21	22,200.32
<b>Net Domestic Credit (N'Billion)</b>	26,758.77	26,921.03	27,160.16
<b>Credit to Government (N'Billion)</b>	4,828.05	4,942.47	4,987.79
<b>Credit to Private Sector (N'Billion)</b>	2,193.07	2,197.86	2,217.24
<b>Currency in Circulation (N'Billion)</b>	1,897.92	1,873.54	1,769.75
<b>FAAC (N' Billion)</b>	418.8	462.4	652.2

\*Revised GDP figures

NA: Not Available

<sup>1</sup>National Bureau of Statistics (2017). “Nigerian Capital Importation (Q2 2017)”. Retrieved from, <http://www.nigerianstat.gov.ng/>

<sup>2</sup>Nigeria Stock Exchange (2017). “Domestic & Foreign Portfolio Participation in Equity Trading – May 2017”. Retrieved from, [http://www.nse.com.ng/market\\_data-site/other-market-information-site/FPI%20Report/NSE%20Domestic%20and%20FPI%20Report%20-%20May%202017.pdf](http://www.nse.com.ng/market_data-site/other-market-information-site/FPI%20Report/NSE%20Domestic%20and%20FPI%20Report%20-%20May%202017.pdf)

<sup>3</sup> National Bureau of Statistics (2017). “CPI and Inflation Report July 2017”. Retrieved from, <http://www.nigerianstat.gov.ng/>

<sup>4</sup> National Bureau of Statistics (2017). “Premium Motor Spirit (Petrol) Price Watch (JULY 2017)”. Retrieved from, <http://www.nigerianstat.gov.ng/>

<sup>5</sup> National Bureau of Statistics (2017). “Selected Food Prices Watch (July 2017)”. Retrieved from, <http://www.nigerianstat.gov.ng/>

<sup>6</sup> National Bureau of Statistics (2017). “Federation Account Allocation Committee (FAAC) July 2017 Disbursement”. Retrieved from, <http://www.nigerianstat.gov.ng/>

<sup>7</sup>The Guardian (2017). “FAAC distributes N652.229b to FG, states”. Accessed August 29, 2017. <https://guardian.ng/news/faac-distributes-n652-229b-to-fg-states/>

<sup>8</sup> National Bureau of Statistics (2017). “Premium Motor Spirit (Petrol) Price Watch (JULY 2017)”. Retrieved from, <http://www.nigerianstat.gov.ng/>

<sup>9</sup> National Bureau of Statistics (2017). “Automotive Gas Oil (Diesel) Price Watch (July 2017)”. Retrieved from, <http://www.nigerianstat.gov.ng/>

<sup>10</sup> National Bureau of Statistics (2017). “National Household Kerosene Price Watch (July 2017)”. Retrieved from, <http://www.nigerianstat.gov.ng/>

<sup>11</sup>This Day (2017). “NNPC Reclaims Crude Oil Pipelines to Improve Refineries’ Operations”. Accessed August 30, 2017. <https://www.thisdaylive.com/index.php/2017/07/25/nnpc-reclaims-crude-oil-pipelines-to-improve-refineries-operations/>