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Gross Domestic Product

According to the National Bureau of Statistics, Real Gross Domestic Product (GDP) increased at an annual rate of 0.55 percent in 2017Q2¹, compared to the -0.91 percent (revised) in 2017Q1 – indicating the first quarterly positive growth rate since 2016Q1 and an evidenced exit from five-quarters of economic recession. The acceleration in real GDP in 2017Q2 reflects the significant increase in oil sector GDP from -11.64 percent in 2017Q1, to 1.64 percent in 2017Q2 – a 13.3 percentage points Quarter-on-Quarter increase. However, Non-oil GDP moderated by 0.3 percentage points to 0.45 percent. Despite the recent favorable economic performance, growth prospect remains fragile. Sustaining the current momentum requires critical economic diversification commitment that promotes infrastructure development, ensures reasonable energy supply, fosters improvement in property and propriety rights, as well as easing of business registration among others. Essentially, initiatives that promote business activities need be strongly adopted and encouraged.



Purchasing Managers' Index

Report from the CBN shows sustained expansion in business activities in both manufacturing and Non-manufacturing sectors – above the 50 index-points growth benchmark –for the fifth consecutive month. Although growing at a slower rate, the manufacturing PMI moderated to 53.6 index points in August 2017², relative to 54.1 in July 2017 – with three-quarter of the 16 subsectors recording growth in the review month. Non-manufacturing PMI stood at 54.1 index points in August 2017. Improvement in the business environment is likely indicative of a relatively stronger domestic demand, improved consumer confidence, and more supportive forex interventions. Government efforts at improving the ease of doing business in Nigeria –such as the recent FGN approval of the reduction of documentation requirements and timeline for import and export trade transactions to 48 hours; as well as CBN's sustained commitment to forex stability –particularly narrowing the spread between the official and parallel market rates and creating a special window for SMEs, is expected to contribute to further expanding business activities in the near term.



Exchange Rate

Provisional figures from the CBN database show that the Naira attained remarkable stability at the parallel forex market in 2017H1. Specifically, average exchange rate of the naira appreciated to N366.25/\$ in June 2017, up by 26 percent from N493.29/\$ in January 2017³. The pressure on the forex market has been eased with several interventions by the CBN – the CBN intervened to the tune of \$7.6 billion within the review period⁴. Thus, relative stability of the currency is consequent upon the eased forex liquidity and drastically-reduced speculative activities. The current intervention that entails giving up foreign reserves to strengthen the naira need be combined with a clear exchange rate policy that: hinges on market mechanism, promotes greater flexibility in the foreign exchange market, and fosters unhindered capital mobility to ensure improved performance in the international value of naira.



Crude Oil Production

Nigeria's domestic crude oil production averaged 1.84 million barrels per day in 2017Q2⁵, an increase of 9 percent from the 1.69 mbpd produced in the preceding quarter. The steady rise in domestic crude production is attributable to a myriad of factors during the quarter: respite in pipeline destruction activities, completion of repairs on damaged pipelines by Shell⁶, retention of output concession from OPEC, amongst others. Complemented by the relatively stable global crude oil price, the steady rise in domestic crude production has likely increased oil revenue. This in turn, has positively affected external reserves, as the reserve bounced back to a two-year-high level⁷. Despite gains, it is paramount for the government to exercise fiscal discipline, commit to savings, and invest in diversifying the economy beyond the effect of commodity price shock this time.



Compiled by the Information and Data Management (IDM) Unit, CSEA

ECONOMIC INDICATORS

QUARTERLY ECONOMIC INDICATORS	2016Q4	2017Q1	2017Q2
GDP Growth Rate (%)	-1.73*	-0.91*	0.55
Oil GDP (%)	-17.70*	-11.64	1.64
Non-Oil GDP (%)	-0.33	0.72	0.45
Unemployment Rate (%)	14.2	NA	NA
Underemployment Rate (%)	21.0	NA	NA
Foreign Direct Investment (US \$'Million)	344.63	211.38	274.4
Portfolio Investment (US \$'Million)	284.22	313.61	770.5
Other Investments (US \$'Million)	920.03	383.28	747.5
External Debt (FGN & States - N'Billion)	3,478.91	4,229.96	NA
Domestic Debt (FGN - N'Billion)	11,058.20	11,971.34	NA
Manufacturing Capacity Utilisation (%)	48.5	53.7	NA
MONTHLY ECONOMIC INDICATORS	May-2017	June-2017	July-2017
Headline Inflation (%)	16.25	16.1	16.05
Food Sub-Index (%)	19.27	19.91	20.28
Core Sub-Index (%)	13.00	12.5	12.2
External Reserve (US\$ Million)	29,811.85	30,340.96	30,898.96
All Share Index (Points)	29,498.31	33,117.48	36,864.71
Market Capitalization (N' Billion)	10,197.73	11,452.12	12,705.45
Exchange Rate (BDC - N/US\$)	384.48	366.25	365.38
Official Rate (N/US\$)	305.54	305.72	305.86
Manufacturing PMI	52.5	52.9	54.1
Non-Manufacturing PMI	52.7	54.2	54.4
Crude Oil Price(US\$/Barrel)	50.57	47.42	49.01
Petrol (PMS - N/litre)	150.57	150.3	148.2
Diesel (AGO - N/litre)	216.3	210.42	197.6
Kerosene (NHK - N/litre)	303.29	287.3	280.5
MPR (%)	14	14	14
Private Sector CRR (%)	22.5	22.5	22.5
Public Sector CRR (%)	22.5	22.5	22.5
91 Day T-Bill Rate (%)	13.5	13.5	13.46
Savings Deposit (%)	4.08	4.08	4.08
Prime Lending (%)	17.58	17.59	17.65
Maximum Lending (%)	30.75	30.94	30.94
Narrow Money (N'Billion)	10,184.90	9,883.82	10,325.98
Broad Money (N'Billion)	21,975.34	21,674.21	22,200.32
Net Domestic Credit (N'Billion)	26,758.77	26,921.03	27,160.16
Credit to Government (N'Billion)	4,828.05	4,942.47	4,987.79
Credit to Private Sector (N'Billion)	2,193.07	2,197.86	2,217.24
Currency in Circulation (N'Billion)	1,897.92	1,873.54	1,769.75
FAAC (N' Billion)	418.8	462.4	652.2

*Revised GDP figures

NA: Not Available

¹National Bureau of Statistics (2017). “Nigerian Gross Domestic Product Report (Q2 2017)”. Retrieved from, <http://nigerianstat.gov.ng/elibrary>

²Central Bank of Nigeria (2017). “Purchasing Managers’ Index (PMI) Survey Report”. Retrieved from, http://www.cbn.gov.ng/Out/2017/SD/PMI_Report_August%202017.pdf

³CBN Database

⁴This Day (2017). “CBN Pumps \$9.96bn into FX Market in Six Months, Attains Stability”. Accessed September 6, 2017. <https://www.thisdaylive.com/index.php/2017/08/28/cbn-pumps-9-96bn-into-fx-market-in-six-months-attains-stability/>

⁵ National Bureau of Statistics (2017). “Nigerian Gross Domestic Product Report (Q2 2017)”. Retrieved from, <http://nigerianstat.gov.ng/elibrary>

⁶The Guardian (2017). “Nigeria’s crude oil production increases by 273,600 bpd”. Accessed September 6, 2017. <https://guardian.ng/energy/nigerias-crude-oil-production-increases-by-273600-bpd/>

⁷cbn.gov.ng