

Purchasing Managers' Index

Going by the recent CBN Purchasing Managers' Index report, activities in the Manufacturing and Non-manufacturing sectors expanded (above 50 index-points benchmark for growth) for the seventh and sixth consecutive months respectively in October 2017. Manufacturing PMI moderated to 55 index points, and Non-manufacturing PMI increased to 55.3 points from 54.9 points¹. Expansion in activities may partly be linked to a prospective boost in consumer demand ahead of the seasonal period, thus improving derived demand levels of inventory turnover, production, and supply from manufacturing and non-manufacturing units. To this end, the continued availability and lower cost of foreign exchange for purchase of production inventories, particularly for the manufacturing sector, also spurred activities. Going forward, an outlook of positive economic growth together with easier access to foreign exchange is germane for sustained improvement in the manufacturing and non-manufacturing sectors.



Doing Business Index

Latest Doing Business report by the World Bank ranks Nigeria as one of the top 10 economies that showed notable improvements in doing business in 2016/2017. Precisely, the report which presents quantitative indicators on business regulation compared across 190 economies and ranked Nigeria 145th - up by 24 positions from the previous report ranking, to reach its highest rank since 2013. This may not be unexpected, given that it is consequent upon various business environment reforms in 2016. Particularly, the Presidential Enabling Business Environment Council (PEBEC) set up in 2016³ enacted 31 reforms to improve business⁵ (such as improving credit to small and medium-size businesses) all of were enacted into law in May 2017. While acknowledging recent efforts by the federal government to strengthen regulations that enhance ease of doing business, however, more still needs to be done in the areas of property rights (especially land), infrastructure provision, and access to finance to small and medium scale enterprises.



Power Sector

Power generation statistics for 2017Q3 released by the National Bureau of Statistics reflects a reduction in power generated. Relative to the preceding quarter, total average daily power generation dropped from 85,331 MWh to 82,266MWh⁶ – down QOQ by 3.6 percent. Daily energy generation attained a peak of 3,880 MW during the quarter, reflecting about 5 percent decrease from 2017Q2 peak generation. Power generation which is below current daily capacity levels of 4,000 MW, is constrained by idle or shut-down power plants due to repairs, maintenance or inability of GENCOs to pay for gas⁷. Going forward, addressing the pricing policies for electric power as well as the weak capacities for billing and commercial operations would go a long way in improving the financial sustainability of GENCOs and the entire sector.



Foreign Exchange

Recent media highlights shows that the CBN's latest forex transaction window has continued to attract investments and increase foreign exchange supply into the country since its introduction in April 2017. Specifically, total transactions at the Investors and Exporters (I&E) window was put at \$18.4 billion as at the end of October 2017⁸, a significant 141-percent increase after it hit \$7.6 billion in August 2017⁹. The consistent increase at the special forex window seems to be linked to more inclusive forex obligations of investors and exporters and timely settlements of authorized forex transactions. Going forward, it is critical to sustain and expand CBN forex revenue inflows by ensuring improvement in crude oil production and refinery, as well as deepening non-oil export.



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	4,602.88
Domestic Debt (FGN - N'Billion)	11,058.20	11,971.34	15,034.11
Manufacturing Capacity Utilisation (%)	48.5	53.7	NA
MONTHLY ECONOMIC INDICATORS	July-2017	August-2017	September-2017
Headline Inflation (%)	16.05	16.01	15.98
Food Sub-Index (%)	20.28	20.25	20.32
Core Sub-Index (%)	12.2	12.3	12.1
External Reserve (US\$ Million)	30,898.96	31,491.1	32,028.3
All Share Index (Points)	36,864.71	NA	NA
Market Capitalization (N' Billion)	12,705.45	NA	NA
Exchange Rate (BDC - N/US\$)	365.38	365.57	NA
Official Rate (N/US\$)	305.86	305.67	NA
Manufacturing PMI	54.1	53.6	55.3
Non-Manufacturing PMI	54.4	54.1	54.9
Crude Oil Price(US\$/Barrel)	49.01	51.64	NA
Petrol (PMS - N/litre)	148.2	144.4	144.5
Diesel (AGO - N/litre)	197.6	196.23	184.8
Kerosene (NHK - N/litre)	280.5	225.52	264.48
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 (%)	13.46	13.35	13.2
Savings Deposit (%)	4.08	4.08	4.08
Prime Lending (%)	17.65	17.69	17.88
Maximum Lending (%)	30.94	31.20	31.39
Narrow Money (N'Billion)	10,325.98	9,890.81	10,064.24
Broad Money (N'Billion)	22,200.32	21,851.45	21,953.99
Net Domestic Credit (N'Billion)	27,160.16	26,821.45	26,985.31
Credit to Government (N'Billion)	4,987.79	4,824.23	4,963.41
Credit to Private Sector (N'Billion)	2,217.24	2,199.72	2,202.19
Currency in Circulation (N'Billion)	1,769.75	1,868.74	1,781.05
FAAC (N' Billion)	467.85*	637*	558.08*

*Revised GDP figures

NA: Not Available

¹CBN (2017). “Purchasing Managers’ Index (PMI) Survey Report: October 2017”. Retrieved from, https://www.cbn.gov.ng/Out/2017/SD/PMI_Report_October%202017.pdf

²World Bank. 2018. Doing Business 2018: Reforming to Create Jobs. Washington, DC: World Bank. © World Bank. <https://openknowledge.worldbank.org/handle/10986/28608> License: CC BY 3.0 IGO.

³PRESIDENTIAL ENABLING BUSINESS ENVIRONMENT COUNCIL (PEBEC) (2016). “60 Day National Action Plan”. Retrieved from, <http://pebec.gov.ng/wp-content/uploads/2017/03/PEBEC-EBES-60-Day-National-Action-Plan-on-Ease-of-Doing-Business-NAP-60.pdf>

⁴Daily Post (2017). “Osinbajo signs two laws to ease access to credit for MSMEs”. Accessed November 7, 2017. <http://dailypost.ng/2017/05/30/osinbajo-signs-two-laws-ease-access-credit-msmes/>

⁵Proshare (2017). “Ease Of Doing Business in Nigeria: PEBEC Completes 31 Reforms in 60 Days”. Accessed November 7, 2017. <https://www.proshareng.com/news/Reforms%20Ease-Of-Doing-Business-in-Nigeria--PEBEC-Completes-31-Reforms-in-60-Days/34594>

⁶National Bureau of Statistics (2017). “Daily Energy Generated and Sent Out: 2017Q3”. Retrieved from, <http://www.nigerianstat.gov.ng/>

⁷Nigeria Electricity Hub (2017). “Nigeria’s Power Generation Falls Behind Transmission Capacity”. Accessed November 8, 2017. <http://www.nigeriaelectricityhub.com/2017/08/10/nigerias-power-generation-falls-behind-transmission-capacity/>

⁸This Day (2017). “FX Transactions on I&E Window Hit \$18.36bn, Rates Converge at N360”. Accessed November 7, 2017. <https://www.thisdaylive.com/index.php/2017/11/06/fx-transactions-on-ie-window-hit-18-36bn-rates-converge-at-n360/>

⁹This Day (2017). “Forex Transactions on Investors & Exporters Window Hit \$7.62bn”. Accessed November 6, 2017. <https://www.thisdaylive.com/index.php/2017/08/23/forex-transactions-on-investors-exporters-window-hit-7-62bn/>