

## Manufacturing Sector

Recent media highlights reveal an increase in Nigeria's manufacturing capacity utilization in 2017 relative to 2016. According to the Manufacturers Association of Nigeria (MAN), capacity utilization moved up (Year-on-Year) by 10.7 percentage points, to 55 percent in 2017<sup>1</sup>. Prior to 2017, economic constraints associated with the recession period triggered a huge drawdown in manufacturing and other business activities. However, the increase in 2017 partly came at the backdrop of remarkable improvement in accessing foreign exchange particularly the allocation priority given to the manufacturing sector, as triggered by forex management policies by the CBN during the year. In addition to improved access to foreign exchange, the government should aim to improve power supply to the manufacturing at least for a specified duration of time per day. Addressing the erratic power supply problem would help improve manufacturing capacity utilization going forward, as it is a major factor militating against productivity and profit maximization in the sector.



## Labour Statistics

Recently released labour force report by the NBS shows a quarter-over-quarter increase in Nigeria's working age and labour force population. Working population rose from 110.29 million in 2017Q2, to 111.13 million persons in 2017Q3<sup>2</sup>. The working age population in 2017Q3 constituted 85.08 million persons in the labour force (an increase from 83.94 million), of which 40 percent were either unemployed<sub>1</sub> or underemployed<sub>2</sub>. Thus, total employed persons in the quarter reached 69.1 million<sub>3</sub>. Further sectoral analysis of employed persons show that Agricultural sector accounted for 46.8 percent of total employed persons, followed by Trade (14.5 percent), Other services (8.1 percent), Manufacturing (7 percent), and so on. The growing labour force amidst fewer economic opportunities necessitates profound strategic planning. Given that agriculture constitutes the sector with the highest labour absorption, committed efforts need be made to expand the development of the sector. An initiative that would scale-up agricultural value chain could facilitate speedier agricultural development and job creation.



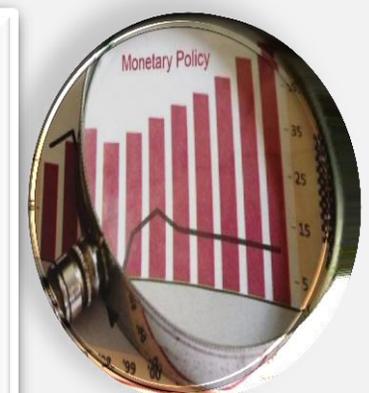
## FAAC

The Federal Accounts Allocation Committee distributed the sum of N655.17 billion to the tiers of government in the month of January 2018<sup>3</sup>. This represents 7.4 percent above the amount disbursed in December 2017. Despite the reduction in oil revenue as a result of reduced export crude sales (by 0.59 million barrels), Non-oil revenue from petroleum profit tax and Value-Added tax added to the monthly increase in distributable FAAC funds<sup>4</sup>. Going forward, there is a wide scope for harnessing non-oil revenue to fund national and state government expenditures without necessarily increasing tax rates. This can be achieved by deepening its technological and human capacity for collection.



## Monetary Policy

The Apex bank's first monetary policy committee (MPC) meeting for the 2018 fiscal year did not hold as scheduled due to a drag in screening the newly constituted MPC members by the National Assembly. However, the bank in an official statement suggests all monetary policy instruments remain the same for the period in time (i.e. MPR at 14 percent, CRR at 22.5 percent, Liquidity ratio at 30 percent and Asymmetric corridor at +200 and -500 basis points around the MPR<sup>5</sup>), till emergency meeting is held in February 2018. It is assumed that existing rates have influenced some current positive macroeconomic outcomes, hence the need to retain rates pending further decisions from a statutory MPC meeting. Going forward, it is expedient that the federal legislative arm speeds up the screening process of the MPC members so as to allow them assume duties and curb unhealthy expectation with respect to monetary policy.



<b>ECONOMIC SNAPSHOT</b>		
<b>Quarterly Indicators</b>	<b>'17Q2</b>	<b>'17Q3</b>
GDP Growth Rate (%)	0.72*	1.40
Oil GDP (%)	3.52*	25.89
Non-oil GDP (%)	0.45	-0.76
Unemployment Rate (%)	16.2	18.8
Foreign Direct Investment (US \$ Million)	274.4	117.60
Portfolio Investment (US \$Millions)	770.5	2,767.42
Other Investment (US \$Million)	747.5	1,260.08
External Debt (FGN & States- N'Billion)	4,602.88	4,693.91
Domestic Debt (FGN-N'billion)	15,034.11	15,678.0
Manufacturing Capacity utilization (%)	NA	NA
<b>Monthly Indicators</b>	<b>Nov'17</b>	<b>Dec'17</b>
Headline Inflation (%)	15.90	15.37
Food Sub-Index (%)	20.30	19.42
Core Sub-Index (%)	12.20	12.10
External Reserves (US\$ Million)	34,945.6	NA
Official Rate (N/US\$)	306.0	NA
BDC Rate (N/US\$)	364	NA
Manufacturing PMI	55.9	59.3
Non-Manufacturing PMI	57.6	62.1
Crude Oil Price (US\$/Barrel)	52.07	56.83
Petrol (PMS-N/litre)	145.6	171.80
Diesel (AGO -N/Litre)	199.26	205.81
Kerosene (HHK -N/Litre)	267.14	284.30
MPR (%)	14	14
CRR (%)	22.5	22.5
91 Day T-Bill Rate (%)	13.05	13.05
Savings Deposit (%)	4.08	4.08
Prime Lending (%)	17.77	NA
Maximum Lending (%)	30.95	NA
Narrow Money (N'Billion)	10,115.05	NA
Broad Money (N'Billion)	22,311.12	NA
Net Domestic Credit (N'Billion)	26,349.07	NA
Credit to the Government (N'Billion)	4,392.41	NA
Credit to the Private Sector(N'Billion)	2,195.67	NA
Currency in Circulation (N'Billion)	1,896.16	NA
FAAC (N'Billion)	609.9	655.17

\*Revised GDP figures/tentative figures

NA: Not Available

<sup>1</sup>Anudu A. & Okafor E. (2018). "Nigeria's Manufacturing Sector Outperforms African Peers as Capacity Hits 55%". *BusinessDay, Monday, 29 January, 2018. Vol. 14, No. 533. Pp 1, 45.*

<sup>2</sup>National Bureau of Statistics (2018). "Labour Force Statistics Q3 2017 Vol 2". Retrieved from, <http://nigerianstat.gov.ng/elibrary>

<sup>3</sup>Vanguard (2018). "FG, States, LGs share N655b". Accessed January 30, 2018. <https://www.vanguardngr.com/2018/01/fg-states-lgs-share-n655b/>

<sup>4</sup>The Leadership (2018). "FAAC: FG, States, LGs Share N655.17bn In January". Accessed January 30, 2018. <https://leadership.ng/2018/01/23/faac-fg-states-lgs-share-n655-17bn-january/>

<sup>5</sup>CBN (2018). "Statement on January 2018 Meeting of the Monetary Policy Committee". Retrieved from, <https://www.cbn.gov.ng/Out/2018/CCD/New%20Doc%202018-01-20-4.pdf>

<sub>1</sub>Unemployed: Persons working less than 20 hours a week and those doing absolutely nothing.

<sub>2</sub>Underemployed: Persons that work within 20-39 hours a week.

<sub>3</sub>Total employed (69.9 million): full time employed and underemployed which is 20 and above working hours a week.