Capital Importation

Total quarterly capital imported into Nigeria declined Year-on-Year and Quarter-on-Quarter in 2016Q4. Precisely, capital importation plunged Quarter-on-Quarter by 15 percent and Year-on-Year by 0.52 percent to $1.55 billion in 2016Q4. Comparatively, annual capital importation fell by 47 percent in 2015 to $5.12 billion in 2016 – the lowest recorded since the commencement of the series in 2007. A breakdown of figures shows that the sub-components contributed to total capital imported in the following order: Other investments (59.4 percent); FDI (22.25 percent); and Portfolio Investment (18.35 percent). Overall negative performance was likely on the due to currency volatility (weakening naira) and deepening economic recession experienced over the course of the year. This dampened investors’ confidence in the macro-economy; thus, adversely affected their investment decisions for long-term investment in Nigeria. Going forward, it is imperative for the Federal Government to release its medium-term economic recovery plan for the country in order to restore investor confidence in the Nigerian economy.

Purchasing Managers’ Index

The Manufacturing PMI shows a contraction in activities in January 2016- thus reversing the growth recorded in December 2015 (52.0 index points). Manufacturing PMI declined by 7.3 percent to 48.2 index points in January 2017. The decline which is evident in 10 out of 16 manufacturing subsectors, may not be unconnected to contractions in demand following the end of the festive period – as indices for production levels, new orders, raw material inventories, stock of finished goods and others dropped. In contrast, the Non-manufacturing sector improved marginally by 4.9 percent to 49.4 index points – likely traceable to significant expansions in the likes of Agriculture, Educational services, Entertainment, Information and Communication, and Transportation sub-sectors. However, the Non-manufacturing PMI is still below 50 index-points benchmark for growth. Although it is noteworthy that the performance of the agricultural and education sectors are improving, evidence from industrialized countries indicates that the manufacturing sector is the path to development and key to economic prosperity. Thus, it is important for the Nigerian government to tackle major challenges in the manufacturing sector to allow new and old firms thrive successfully.

FAAC

The Federal Accounts Allocation Committee, disclosed a marginal rise in government revenue realized for December 2016. The approximate sum of N400 billion revenue realized in December 2016 and shared in January 2017, indicates a month-on-Month revenue increase of N14 billion. The increase is attributable to improvements in Royalties, Company Income Tax (CIT) and Value Added Tax (VAT) collected. Given continuously waning performance in the oil sector, improvement in tax administration in the Non-oil sector is key to closing the revenue gap. Essentially, there is need to improve regulation to capture the informal sector of the economy in order to widen the tax net. However, supports that would alleviate cost of doing business and enhance economic activity need be provided to ensure vibrant performance in the Non-oil sector.

Exchange Rate

The Naira continued to depreciate in the review week. At the parallel market, naira exchanged for N498/$ on January 27, 2017 and N500/$ on February 3, 2017. Despite the weekly sales of forex to BDCs and the significant improvements in the external reserves, the naira has continued to lose value to other currencies. The pressure on the naira has been triggered by escalating scarcity of forex in the spot market, likely due to forex hoarding. However, in the preceding week, the CBN sold $660 million in forwards contract in an attempt to manage liquidity and stabilize the naira. In the face of growing speculation in the parallel market, the monetary authority should institute mechanisms that would discourage excessive forex hoarding among licensed BDC operators. An initiative that monitors transaction dealings in the parallel market would go a long way in detecting erring BDC operators.

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

Centre for the Study of the Economies of Africa (CSEA) Abuja www.cseafrica.org
### ECONOMIC INDICATORS

#### QUARTERLY ECONOMIC INDICATORS

<table>
<thead>
<tr>
<th></th>
<th>2016Q1</th>
<th>2016Q2</th>
<th>2016Q3</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP Growth Rate (%)</td>
<td>-0.36</td>
<td>-2.06</td>
<td>-2.24</td>
</tr>
<tr>
<td>Oil GDP (%)</td>
<td>-1.89</td>
<td>-17.48</td>
<td>-22.01</td>
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<tr>
<td>Non-Oil GDP (%)</td>
<td>-0.18</td>
<td>-0.38</td>
<td>0.03</td>
</tr>
<tr>
<td>Unemployment Rate (%)</td>
<td>12.10</td>
<td>13.10</td>
<td>13.9</td>
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<tr>
<td>Underemployment Rate (%)</td>
<td>19.10</td>
<td>19.30</td>
<td>19.7</td>
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<tr>
<td>Foreign Direct Investment (US $'Million)</td>
<td>174.46</td>
<td>184.29</td>
<td>340.64</td>
</tr>
<tr>
<td>Portfolio Investment (US $'Million)</td>
<td>271.04</td>
<td>337.31</td>
<td>920.32</td>
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<tr>
<td>Other Investments (US $'Million)</td>
<td>265.47</td>
<td>520.57</td>
<td>561.16</td>
</tr>
<tr>
<td>Total Revenue (FG) (N' Billion)</td>
<td>535.96</td>
<td>977.82</td>
<td>1,185.52</td>
</tr>
<tr>
<td>Total Expenditure (FG) (N' Billion)</td>
<td>1,082.44</td>
<td>1,407.38</td>
<td>1,344.71</td>
</tr>
<tr>
<td>FG Fiscal (Deficit)/Surplus (N' Billion)</td>
<td>-546.49</td>
<td>-429.56</td>
<td>-159.19</td>
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#### MONTHLY ECONOMIC INDICATORS

<table>
<thead>
<tr>
<th></th>
<th>Oct-2016</th>
<th>Nov-2016</th>
<th>Dec-2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Headline Inflation (%)</td>
<td>18.3</td>
<td>18.5</td>
<td>18.6</td>
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<tr>
<td>Food Sub-Index (%)</td>
<td>17.1</td>
<td>17.2</td>
<td>17.4</td>
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<tr>
<td>Core Sub-Index (%)</td>
<td>18.1</td>
<td>18.2</td>
<td>18.1</td>
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<tr>
<td>External Reserve (US$ Million)</td>
<td>23,689.87</td>
<td>25,081.22</td>
<td>26,990.58</td>
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<tr>
<td>All Share Index (Points)</td>
<td>27,663.26</td>
<td>25,333.39</td>
<td>26,874.62</td>
</tr>
<tr>
<td>Market Capitalization (N' Billion)</td>
<td>9,501.79</td>
<td>8,720.80</td>
<td>9,246.92</td>
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<tr>
<td>Exchange Rate (BDC - N/US$)</td>
<td>462.03</td>
<td>415.36</td>
<td>455.26</td>
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<tr>
<td>Official Rate (N/US$)</td>
<td>305.21</td>
<td>305.18</td>
<td>305.22</td>
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<tr>
<td>Manufacturing PMI</td>
<td>44.1</td>
<td>46.00</td>
<td>52.00</td>
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<tr>
<td>Non-Manufacturing PMI</td>
<td>43.4</td>
<td>42.80</td>
<td>47.10</td>
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<tr>
<td>Crude Oil Price(US$/Barrel)</td>
<td>51</td>
<td>45.25</td>
<td>53.48</td>
</tr>
<tr>
<td>Petrol (PMS - N/litre)</td>
<td>145.9</td>
<td>146.7</td>
<td>146.7</td>
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<tr>
<td>Diesel (AGO - N/litre)</td>
<td>187.25</td>
<td>195.67</td>
<td>196.25</td>
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<tr>
<td>Kerosene (NHK - N/litre)</td>
<td>292.73</td>
<td>282.86</td>
<td>231.85</td>
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<tr>
<td>MPR (%)</td>
<td>14</td>
<td>14</td>
<td>14</td>
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<tr>
<td>Private Sector CRR (%)</td>
<td>22.5</td>
<td>22.5</td>
<td>22.5</td>
</tr>
<tr>
<td>Public Sector CRR (%)</td>
<td>22.5</td>
<td>22.5</td>
<td>22.5</td>
</tr>
<tr>
<td>91 Day T-Bill Rate (%)</td>
<td>13.96</td>
<td>13.99</td>
<td>13.96</td>
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<tr>
<td>Savings Deposit (%)</td>
<td>4.08</td>
<td>4.28</td>
<td>4.18</td>
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<tr>
<td>Prime Lending (%)</td>
<td>17.1</td>
<td>17.06</td>
<td>17.09</td>
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<tr>
<td>Maximum Lending (%)</td>
<td>27.69</td>
<td>28.53</td>
<td>28.55</td>
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<tr>
<td>Exports (FOB) (US$ Million)</td>
<td>2,663.21</td>
<td>2,871.23</td>
<td>2,880.83*</td>
</tr>
<tr>
<td>Imports (CIF) (US$ Million)</td>
<td>2,696.53</td>
<td>3,134.96</td>
<td>2,695.10*</td>
</tr>
<tr>
<td>Imports (FOB) (US$ Million)</td>
<td>2,527.49</td>
<td>2,937.15</td>
<td>2,539.91*</td>
</tr>
<tr>
<td>Total Trade (US$ Million)</td>
<td>5,359.75</td>
<td>6,006.19</td>
<td>5,575.94*</td>
</tr>
<tr>
<td>Balance of Trade (US$ Million)</td>
<td>-33.32</td>
<td>-263.72</td>
<td>185.73*</td>
</tr>
<tr>
<td>Currency in Circulation (N'Billion)</td>
<td>1,825.66</td>
<td>1,907.86</td>
<td>2,179.17</td>
</tr>
<tr>
<td>FAAC (N' Billion)</td>
<td>420*</td>
<td>386*</td>
<td>400*</td>
</tr>
</tbody>
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*Provisional Figures (Subject to change)
http://abokifx.com/ratetypes/?rates=lagos_previous