

Issue 19,
May 12, 2017

Internally Generated Revenue

Internally generated revenue by 35 states for the 2016 fiscal year increased by 17.5 percent to N802 billion from N683 billion generated in the preceding year¹. A breakdown of the IGR shows that the increase was driven by PAYE, Direct assessment, Road taxes, Revenue from MDAs and other taxes. The highest and lowest revenue generating states were Lagos (38%) and Ebonyi (0.1%) respectively. An improvement in the efficiency of the tax system could improve the contributions of the IGR to overall government revenue. Particularly, incorporating workers in small stores, agricultural and informal businesses into the tax system; building capacity of tax officials and computerizing their operations; as well as investing in quality data collection and access could provide some quick wins.



Appropriation Act (Budget)

The 2017 appropriation act, passed into law on May 11, 2017 (five months into the fiscal year), shows an upward review of N7.44 trillion from the N7.29 trillion submitted as appropriation bill². Disaggregated data reveals that expenditure heads were allocated in the particular order: Recurrent expenditure (N2.99 trillion), Capital Expenditure (N2.18 trillion), Debt service (N1.84 trillion), and statutory transfers (N434 billion) – a 12.83%, 37.11%, 24.32%, and 22.86% increase respectively, relative to the preceding year. Sectoral allocation shows power, works and housing was given the largest capital allocation, followed by Transportation sector. The budget's upward review is hinged on adjusted crude oil price to N44/barrel, occasioned by prospects of global crude oil price increase in 2017. Other parameters remained unchanged (Crude oil production of 2.2 million barrels per day and exchange rate of N305/\$). The 2017 budget seems promising given that a higher proportion of government fund is expected to be spent on capital goods, relative to preceding years. This is indicative of renewed government commitment to infrastructural development in the country. However, the implementation of the budget is highly dependent on the stable inflow of government revenue that is subject to crude oil price and production volatilities.



Portfolio Investment

Available data from the Nigeria Stock exchange reveals a remarkable increase in total Portfolio investment transactions for the month of March 2017 relative to February 2017. Total transactions at the NSE rose by 285%, from N74.11 billion to N285.05 billion³. Domestic investments (54%) outperformed its foreign portfolio investment counterpart (46%) for the third consecutive month in 2017. The significant Month-on-Month increase reflects the optimistic investor sentiments and confidence in the recovering economy. Going forward, the Nigerian government could further galvanize investor appetite by keeping the public informed on the progress of the Economic Recovery and Growth Plan (ERGP) through progress reports that are published regularly in public domain.



External Sector

Provisional data released by the apex bank, indicates a month-on-month draw-down on both foreign exchange inflow and outflow through the CBN in January 2017⁴. Specifically, forex inflow declined by 23% to \$2.61 billion at the backdrop of reduction in other official forex receipts (from non-oil exports) during the review month, albeit a moderation in global crude price. Similarly, forex outflow dropped by 28.1% to \$1.06 billion, due to decline in inter-bank utilization/demand. Going forward, maintaining sound economic policies that fosters domestic industrial and agricultural activities is necessary to ensure stable forex inflows which has critical impact on the strength of the naira.



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

ECONOMIC INDICATORS

QUARTERLY ECONOMIC INDICATORS	2016Q2	2016Q3	2016Q4
GDP Growth Rate (%)	-2.06	-2.24	-1.30
Oil GDP (%)	-17.48	-22.01	-12.38
Non-Oil GDP (%)	-0.38	0.03	-0.33
Unemployment Rate (%)	13.10	13.9	NA
Underemployment Rate (%)	19.30	19.7	NA
Foreign Direct Investment (US \$'Million)	184.29	340.64	344.63
Portfolio Investment (US \$'Million)	337.31	920.32	284.22
Other Investments (US \$'Million)	520.57	561.16	920.03
Retained Revenue (FG) (N' Billion)*	722.4	955.1	647.8
Expenditure (FG) (N' Billion)*	1,379.6	1352.1	1314.9
(Deficit)/Surplus (N' Billion)*	-657.2	-397.0	-667.1
MONTHLY ECONOMIC INDICATORS	Jan-2017	Feb-2017	Mar-2017
Headline Inflation (%)	18.72	17.78	17.26
Food Sub-Index (%)	17.82	18.53	18.44
Core Sub-Index (%)	17.90	16.00	15.4
External Reserve (US\$ Million)	28,592.98	29,975.38	29,996.38
All Share Index (Points)	26,036.24	25,329.08	25,516.34
Market Capitalization (N' Billion)	8,972.99	8,765.92	8,828.96
Exchange Rate (BDC - N/US\$)	493.29	494.7	429.48
Official Rate (N/US\$)	305.20	305.31	306.4
Manufacturing PMI	48.20	44.6	47.7
Non-Manufacturing PMI	49.40	44.5	47.1
Crude Oil Price(US\$/Barrel)	55.01	46.39	52.13
Petrol (PMS - N/litre)	148.7	149.8	149.4
Diesel (AGO - N/litre)	240.52	249.38	234.55
Kerosene (NHK - N/litre)	433.84	352.42	311.56
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 (%)	13.95	13.75	NA
Savings Deposit (%)	4.22	4.22	4.23
Prime Lending (%)	16.91	17.13	17.43
Maximum Lending (%)	28.88	29.26	30.18
Narrow Money (N'Billion)	11,267.71	10,212.65	9,955.24
Broad Money (N'Billion)	23,380.94	22,365.65	22,024.98
Net Domestic Credit (N'Billion)	26,627.28	26,771.07	27,472.69
Credit to Government (N'Billion)	4,284.26	4,408.656	5,199.69
Credit to Private Sector (N'Billion)	2,234.30	2,2362.41	2,227.30
Currency in Circulation (N'Billion)	1,994.58	1,978.887	1,983.63
FAAC (N' Billion)	465	514.15	NA

NA: Not Available

¹National Bureau of Statistics (2017). “Internally Generated Revenue At State Level (2016)”. Retrieved from, <http://www.nigerianstat.gov.ng/report/551>

²Business Day Online (2017). “Economy gets a boost with passage of N7.441trn spending plan for 2017”. Accessed May 16, 2017. <https://www.businessdayonline.com/economy-gets-boost-passage-n7-441trn-spending-plan-2017/>

³Nigeria Stock Exchange (2017). “Domestic & Foreign Portfolio Participation in Equity Trading – March 2017”. Retrieved from, http://www.nse.com.ng/market_data-site/other-market-information-site/FPI%20Report/Domestic%20and%20FPI%20Report%20March%202017.pdf

⁴CBN (2017). “Economic Report: January 2017”. Retrieved from, <http://www.cbn.gov.ng/Out/2017/RSD/January%202017%20ECONOMIC%20%20REPORT%20on-goingg.pdf>