

Internally Generated Revenue (IGR)

Recent report by the National Bureau of Statistics (NBS) indicates that provisional Internally Generated Revenue (Mostly generated from MDAs revenue and various types of taxes) increased significantly between 2015 and 2016. Precisely, the report shows that on the multiple*, IGR of the 36 states in Nigeria rose from N682.7 billion in 2015 to an estimated N784.1 billion in 2016¹ – up by 14.9 percent. Relative to 2015, a further data disaggregation reveals that IGR improved significantly in 15 states, and remained constant in 7 states**, while 14 states recorded IGR marginally below their 2015 levels. As re-occurring, Lagos state generated the highest revenue in the review period (38.4 percent of the total IGR). Overall improvements in IGR likely points to increased efficiency in some states' tax collection processes with additional salary-earners, as the PAYE (Pay As You Earn) generated highest revenue amongst other sources. Going forward, the government should make efforts to improve the ease of doing business in order to sustain a stable revenue source from taxes. Particularly, minimizing the time and process of business registration, incorporation and tax payment among others are deemed paramount.



Monetary Focus

Provisional Monetary statistics by the CBN show an increase in currency in circulation – a portion of overall money supply. Specifically, currency in circulation rose (Month-on-Month) by 14.2 percent to N2.2 million in December 2016² – the highest Month-on-Month increase recorded for the year 2016. The rise in currency-outside-bank may be attributed to the growing demand for cash balances for spending activities during the festive period. This development would largely compound the liquidity problem associated with TSA implementation and ongoing CBN monetary tightening as deposit money banks might be cash-strapped. Going forward, efforts should be geared towards intensifying initiatives that promote a cashless economy that encourages cashless transactions.



Petroleum Statistics

Recently released data by the National Bureau of Statistics (NBS) shows an increase in the value of petroleum imports (PMS, AGO and HHK) in 2016 relative to 2015. Specifically, Nigeria imported N2.6 trillion worth of petroleum products in 2016, 6.5 percent increase from the value recorded in 2015³ – importing at a monthly average volume of 2 billion litres. PMS (Petrol) accounted for 78 percent of total import value, while AGO (Diesel) and HHK (Household kerosene) accounted for 19 percent and 3 percent respectively. The rise in average monthly landing cost (N/litre) of petrol occasioned by the deregulation exercise in May 2016, in addition to fuel imports exchange-rate depreciation⁴, led to the increase in petroleum import value. The increasing rate of petroleum product imports reiterate the urgent need for the government to rebuild national refineries and support private investors to build local refineries. This is particularly critical in conserving our scarce foreign exchange, generating employment, and promoting economic growth.



Foreign Reserves

Nigeria's foreign reserve increased week-on-week by \$526 million from January 13, 2017 to January 20, 2017⁵ – likely due to increased crude oil revenue. The sustained rise in crude oil price and production continues to exert positive impact on the reserve – Bonny Light increased (week on week) by 4.4 percent to \$55.6 per barrel⁶; Domestic production also rose to 1.94 million barrels/day, up by 26 percent from 1.55 million barrels/day, as reported by OPEC⁷. In the face of gradual rebound in oil price in the world market, efforts should be intensified towards scaling up crude oil production so as to improve foreign exchange earnings. Recent crude oil output in Nigeria is still below projected figure in the 2017 budget. Given that improvement in oil revenue is critical to the implementation of the country's budget, government should develop effective and practical initiatives towards resolving crisis to crude oil production.



ECONOMIC INDICATORS

QUARTERLY ECONOMIC INDICATORS	2016Q1	2016Q2	2016Q3
GDP Growth Rate (%)	-0.36	-2.06	-2.24
Oil GDP (%)	-1.89	-17.48	-22.01
Non-Oil GDP (%)	-0.18	-0.38	0.03
Unemployment Rate (%)	12.10	13.10	13.9
Underemployment Rate (%)	19.10	19.30	19.7
Foreign Direct Investment (US \$'Million)	174.46	184.29	340.64
Portfolio Investment (US \$'Million)	271.04	337.31	920.32
Other Investments (US \$'Million)	265.47	520.57	561.16
External Debt (FGN & States - N'Billion)	2,205.35	3,187.11	NA
Domestic Debt (FGN - N'Billion)	9,970.05	10,606.33	NA
Manufacturing Capacity Utilisation (%)	52.70	50.70	NA
MONTHLY ECONOMIC INDICATORS	Sep-2016	Oct-2016	Nov-16
Headline Inflation (%)	17.85	18.3	18.5
Food Sub-Index (%)	16.60	17.1	17.2
Core Sub-Index (%)	17.70	18.1	18.2
External Reserve (US\$ Million)	23,806.51	23,689.87	25,081.22
All Share Index (Points)	27,964.84	27,663.26	25,333.39
Market Capitalization (N' Billion)	9,606.00	9,501.79	8,720.80
Exchange Rate (BDC - N/US\$)	431.10	462.03	415.36
Official Rate (N/US\$)	305.23	305.21	305.18
Manufacturing PMI	42.50	44.1	46.00
Non-Manufacturing PMI	41.00	43.4	42.80
Crude Oil Price(US\$/Barrel)	47.43	51.00	45.25
Petrol (PMS - N/litre)	146.30	145.90	146.7
Diesel (AGO - N/litre)	192.69	187.25	195.67
Kerosene (NHK - N/litre)	288.68	292.73	282.86
MPR (%)	14.00	14.00	14.00
Private Sector CRR (%)	22.50	22.50	22.50
Public Sector CRR (%)	22.50	22.50	22.50
91 Day T-Bill Rate (%)	14.00	13.96	13.99
Savings Deposit (%)	4.05	4.08	4.28
Prime Lending (%)	17.09	17.10	17.06
Max Lending (%)	27.49	27.69	28.53
Narrow Money (N'Billion)	9,949.39	10,023.62	NA
Broad Money (N'Billion)	22,133.48	22,275.51	NA
Net Domestic Credit (N'Billion)	26,341.47	26,774.68	NA
Credit to Government (N'Billion)	3,748.84	3,705.05	NA
Credit to Private Sector (N'Billion)	22,592.63	23,069.64	NA
Currency in Circulation (N'Billion)	1,794.29	1,825.66	NA

¹National Bureau of Statistics (2017). "NBS States H1 2016 IGR". Retrieved from, <http://www.nigerianstat.gov.ng/report/497>

²cbn.gov.ng

³ National Bureau of Statistics (2017). "NBS Petroleum Import in Nigeria Q4 2016". Retrieved from, <http://nigerianstat.gov.ng/report/500>

⁴This Day (2016). "Subsidy Removal: PPPRA Pegs Naira at N298/\$ for Fuel Imports". Accessed January 23, 2017. <http://www.thisdaylive.com/index.php/2016/05/13/subsidy-removal-pppra-pegs-naira-at-n298-for-fuel-imports/>

⁵ CBN Statistical database 2017. The Movements in Foreign Reserve. Accessed January 24, 2017. <http://www.cbn.gov.ng/IntOps/Reserve.asp?MoveDate=1/24/2017%2012:22:28%20AM>

⁶cbn.gov.ng

⁷OPEC (2017). "Monthly Oil Market Report, January 2017". Retrieved from, http://www.opec.org/opec_web/static_files_project/media/downloads/publications/MOMR%20January%202017.pdf

*Available 2016 half year figures are multiplied by two to get 2016 full year (annualized) IGR. Hence, estimated figures are to be revised when actual figures are received by the NBS.

**Seven states have not reported IGR since 2014, therefore figures are as at last reported (unchanged).