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Real Disposable Income

Recently released report by the National Bureau of Statistics show the National Disposable Income₁ (NDI) (the amount of goods and services the domestic economy has at its disposal) at 2010 purchasers' value, increased Year-on-Year by 3.9 percent to N19.1 trillion in 2016Q3¹. Similarly, NDI increased Quarter-over-Quarter by 12.4 percent. The increase is against a backdrop of improvements in transfers (a 75.7 percentage YOY increase in "other current transfers from the rest of the world") and factor income from abroad. The rise in real disposable income amid falling output would likely bring about increased consumption with an upward pressure on the price level given higher dependence of the economy on importation. However, the current economic reality necessitates more investment that would lead to increase in domestic production to bridge the current output gap. Therefore, there is need to institute investor-friendly policies that would encourage more savings and ensure the mobilization of those savings to productive ventures that improve the supply side of the economy.



Crude Oil Price

OPEC basket price declined week-on-week by 3.5 percent to \$43.02 per barrel on June 23, 2017². In addition, global benchmark crude, Brent exchanged at \$45.54 per barrel³, losing 3.9 percent from the \$47.37 per barrel as at June 16, 2017. Rising global production and output (from the US; and OPEC "cut-exempted" countries, Nigeria and Libya) has spurred concerns of oversupply, thus affecting prices⁴. Dwindling oil prices have therefore refuted optimism shown prior to the OPEC production cut agreement. The seemingly sustained increase in production is likely to continue to exert downward pressure on prices in the near term. Commodity oil exporters would benefit from a restructuring that would insulate fiscal balance from fluctuations and uncertainty associated with global crude oil prices.



Exchange Rate

Naira appreciated in the week under review. At the parallel market, naira gained 0.54 percent to exchange at N368/\$ on June 23, 2017⁵. This is at the backdrop of injections into the forex market by the CBN to the tune of \$195 million⁶ at the beginning of the review week, to meet various forex demands. This is amid a slight week-on-week increase in the external reserves (by 0.1 percent to \$30.23 billion)⁷. Despite the recent naira appreciation, the long-term prospects seem bleak given that the ongoing intervention that seeks to stabilize naira by depleting reserves is unsustainable. This is on the account of the uncertainty surrounding the improvement in global oil prices. The country could benefit from strategies that boost the supply side of the economy together with clear exchange rate policy that relies on market mechanism and eliminates multiple exchange rates.



Stock Market

The Nigeria Stock Exchange Market had mixed trading sessions in the review week; however, trade recorded a week-on-week bearish position. The ASI and Market capitalization depreciated by 5 percent to close the week at 32,122.14 points and N11.11 trillion respectively⁸. With the exception of NSE ASeM index, all other market indices decline during the week. The decline is likely triggered by profit taking activities⁹, and investors' reaction to postponement of the Morgan Stanley Capital International's (MSCI) Frontier Market Index reclassification for Nigerian equities to November 2017¹⁰. Going forward, an outlook of favourable economic performance in addition to enabling environment that reduce investment risk would create an impetus for improved trading activities in the stock market. In this regard, earnest implementation of the 2017 budget would help stimulate business activities and gravitate the economy towards recovery. Also, policy strategies that seek to guarantee property and propriety rights, coupled with stable political environment need be given appropriate consideration.



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

ECONOMIC INDICATORS

QUARTERLY ECONOMIC INDICATORS	2016Q3	2016Q4	2017Q1
GDP Growth Rate (%)	-2.34*	-1.73*	-0.52
Oil GDP (%)	-23.04*	-17.70*	-11.64
Non-Oil GDP (%)	0.03	-0.33	0.72
Unemployment Rate (%)	13.9	14.2	NA
Underemployment Rate (%)	19.7	21.0	NA
Foreign Direct Investment (US \$'Million)	340.64	344.63	211.38
Portfolio Investment (US \$'Million)	920.32	284.22	313.61
Other Investments (US \$'Million)	561.16	920.03	383.28
External Debt (FGN & States - N'Billion)	3,535.58	3,478.91	NA
Domestic Debt (FGN - N'Billion)	10,845.22	11,058.20	NA
Manufacturing Capacity Utilisation (%)	48.4	48.5	NA
MONTHLY ECONOMIC INDICATORS	Mar-2017	Apr-2017	May-2017
Headline Inflation (%)	17.26	17.24	16.25
Food Sub-Index (%)	18.44	19.30	19.27
Core Sub-Index (%)	15.40	14.80	13.00
External Reserve (US\$ Million)	29,996.38	30,749.28	NA
All Share Index (Points)	25,516.34	25758.51	NA
Market Capitalization (N' Billion)	8,828.96	8912.90	NA
Exchange Rate (BDC - N/US\$)	429.48	392.89	384.48
Official Rate (N/US\$)	306.4	306.05	305.54
Manufacturing PMI	47.7	51.1	52.5
Non-Manufacturing PMI	47.1	49.5	52.7
Crude Oil Price(US\$/Barrel)	52.13	52.94	50.57
Petrol (PMS - N/litre)	149.4	149.9	150.57
Diesel (AGO - N/litre)	234.55	229.25	216.3
Kerosene (NHK - N/litre)	311.56	280.80	303.29
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 (%)	13.60	13.58	NA
Savings Deposit (%)	4.23	4.24	NA
Prime Lending (%)	17.43	17.44	NA
Maximum Lending (%)	30.18	30.31	NA
Narrow Money (N'Billion)	9,955.24	9,760.42	NA
Broad Money (N'Billion)	22,024.98	21,712.98	NA
Net Domestic Credit (N'Billion)	27,472.69	27,534.71	NA
Credit to Government (N'Billion)	5,199.69	5,591.83	NA
Credit to Private Sector (N'Billion)	2,227.30	2,194.29	NA
Currency in Circulation (N'Billion)	1,983.63	1,975.81	NA
FAAC (N' Billion)	496.39	NA	NA

*Revised GDP figures

NA: Not Available

₁National Disposable Income = National Income + net indirect taxes + net current transfers from rest of the world

¹National Bureau of Statistics (2017). “Nigeria Gross Domestic Product Report (Expenditure and Income Approach)”. Retrieved from, <http://www.nigerianstat.gov.ng/report/576>

²OPEC (2017). “OPEC weekly basket Price”. Accessed June 28, 2017,

<http://www.opec.org/basket/basketDayArchives.xml>

³Reuters (2017). “Oil creeps up from 10-month low, down nearly 4 percent on week”, Accessed June 28, 2017. <https://www.reuters.com/article/us-global-oil-idUSKBN19E06R>

⁴Reuters (2017). “Oil prices edge up; still near 2017 lows on stubborn glut”. Accessed June 28, 2017. <https://www.reuters.com/article/us-global-oil-idUSKBN19703Z>

⁵Abokifx (2017). “Lagos Black Market Rate”. Accessed June 28, 2017”.

https://abokifx.com/ratetypes/?rates=lagos_previous

⁶This Day (2017). “CBN Injects \$195m into Forex Market”. Accessed June 28, 2017.

<https://www.thisdaylive.com/index.php/2017/06/20/cbn-injects-195m-into-forex-market/>

⁷CBN (2017). “Movement in Foreign Reserves”. Accessed June 28, 2017.

<https://www.cbn.gov.ng/IntOps/Reserve.asp?MoveDate=6/28/2017%206:55:50%20AM>

⁸NSE (2017). “Stock Market Report for June 23rd, 2017”. Retrieved from,

http://www.nse.com.ng/market_data-site/other-market-information-site/Week%20Market%20Report/Weekly%20Market%20Report%20for%20the%20Week%20Ended%2023-06-2017.pdf

⁹TRW Stockbrokers (2017). “Nigerian Stock Exchange: Market Capitalisation bows to profit-taking by N583bn”. Accessed June 28, 2017. <https://trwstockbrokers.wordpress.com/page/4/>

¹⁰TRW Stockbrokers (2017). “A Time To Expect Less Selling Pressure, Remain In Value Stock”.

Accessed June 28, 2017. <https://trwstockbrokers.wordpress.com/page/5/>