

Capital Importation

Capital imported into Nigeria, maintained an upward trajectory in 2018Q1, following three consecutive quarterly increase. Specifically, capital importation rose to \$6.30 billion in 2018Q1¹- a remarkable Year-on-Year growth of 594 percent (from \$908.27 million), and Quarter-over-Quarter increase of 17 percent (\$5.38 billion). Inferably, investors' interest and confidence in the Nigerian economy have continued to soar since 2017Q2; this is particularly represented by the extent of portfolio investment flows which increased approximately fifteen times more than the \$313.61 million recorded in the corresponding 2017Q1 quarter, and accounted for 72.4 percent of total capital importation in the review quarter. FDI contributed only about 4 percent of the capital import. To increase and sustain FDI inflows into Nigeria, the government will need to give more assurance to investors of its commitment to upholding its social contract, especially related to infrastructural growth.



Foreign Reserves

Nigeria's foreign reserves show to be moving towards a possible \$50 billion target in the medium term. Precisely, latest figures from the CBN state the reserve to be currently at \$47.85 billion²; increasing Month-on-Month by 2.13 percent and remaining at a five-year high. The recent increases may be attributable to higher yields in both the bond and commodities markets – Nigeria's successful Eurobond offerings highlighted in the previous month³, together with higher crude oil price and production. The build-up in reserves has sustained its contribution to the relative stability of the foreign exchange in recent times. We expect that the exchange rate to maintain stability and perhaps begin to appreciate against major currencies. The potential adverse impact of such appreciation on competitiveness should be adequately mitigated by proactive policies to support businesses and ensure that the country's balance of payment position is not undermined.



Crude Oil Price

Oil prices surged in the review week. Benchmark crude, Brent, added (Week-on-week) \$2.62, to exchange at \$77.37 per barrel⁴. Bonny Light also increased from \$75.14 to \$76.86 per barrel⁵. Oil prices have soared at the backdrop of a combination of factors: potential disruptions of oil supply from major exporter Iran, due to ongoing tensions between Iran and the US⁶; supply cuts agreed between OPEC and Russia; and the recent persistent decline in Venezuela's oil production⁷. In the coming months, oil price is expected to increase further which will be good news to the Excess Crude Account and will prove useful in financing the 2018 budget.



Exchange Rate

The Naira depreciated rather too marginally in the week ending May 11, 2018. At the official window, it exchanged at N305.75 from N305.70 per dollar⁸. At the parallel market, the naira depreciated to N363/\$ from the N362/\$⁹ rate it has maintained for quite a while. The slight depreciation may likely be linked to excessive demand for forex over supply during the period. Going forward, we expect increased volatility in the exchange rate considering that 2018 is a pre-election year typically associated with economic uncertainty, capital flight, and increased demand for foreign currencies.



ECONOMIC SNAPSHOT		
Quarterly Indicators	'17Q3	'17Q4
GDP Growth Rate (%)	1.40	1.92
Oil GDP (%)	25.89	8.38
Non-oil GDP (%)	-0.76	1.45
Unemployment Rate (%)	18.8	NA
Foreign Direct Investment (US \$ Million)	117.60	378.41
Portfolio Investment (US \$Millions)	2,767.42	3,477.53
Other Investment (US \$Million)	1,260.08	1,526.92
External Debt (FGN & States- N'Billion)	4,693.91	NA
Domestic Debt (FGN-N'billion)	15,678.0	NA
Manufacturing Capacity utilization (%)	NA	NA
Monthly Indicators	Feb'18	Mar'18
Headline Inflation (%)	14.33	13.34
Food Sub-Index (%)	17.59	16.08
Core Sub-Index (%)	11.70	11.20
External Reserves (End Period) (US\$ Million)	42,492.67	NA
Official Rate Approx. (N/US\$)	305	305
BDC Rate Approx. (N/US\$)	362	362
Manufacturing PMI	56.3	56.7
Non-Manufacturing PMI	56.1	57.2
Crude Oil Price (US\$/Barrel)	NA	NA
Petrol (PMS-N/litre)	172.5	163.4
Diesel (AGO -N/Litre)	209.89	206.41
Kerosene (HHK -N/Litre)	288.57	268.99
MPR (%)	14	14
CRR (%)	22.5	22.5
91 Day T-Bill Rate (%)	11.88	11.84
Savings Deposit (%)	4.07	4.07
Prime Lending (%)	17.53	17.35
Maximum Lending (%)	31.40	31.55
Narrow Money (N'Billion)	10,730.86	10,912.60
Broad Money (N'Billion)	24,019.09	24,303.05
Net Domestic Credit (N'Billion)	26,909.59	26,267.11
Credit to the Government (N'Billion)	4,288.31	3,823.35
Credit to the Private Sector(N'Billion)	2,262.12	2,244.37
Currency in Circulation (N'Billion)	1,937.33	1,668.38
FAAC (N'Billion)	647.4	626.82

*Revised GDP figures/tentative figures

NA: Not Available

¹National Bureau of Statistics (2018). “Nigerian Capital Importation (Q1 2018)”. Retrieved from, <http://www.nigerianstat.gov.ng/>

²CBN (2018). “The Movement in Reserves (30-Day Moving Average with effect from November 2011)”. Accessed May 16, 2018. <https://www.cbn.gov.ng/IntOps/Reserve.asp>

³This Day (2018). “At \$47.3bn, Nigeria’s Foreign Reserves Hit Five-year High”. Accessed May 16, 2018. <https://www.thisdaylive.com/index.php/2018/04/10/at-47-3bn-nigerias-foreign-reserves-hit-five-year-high/>

⁴Y-Charts (2018). “Brent Crude Oil Spot Price”. Accessed May 16, 2018. https://ycharts.com/indicators/brent_crude_oil_spot_price

⁵cbn.gov.ng

⁶Reuters (2018). “Oil prices fall as Iran nuclear deal retains support”. Accessed May 16, 2018. <https://uk.reuters.com/article/us-global-oil/oil-prices-fall-as-iran-nuclear-deal-retains-support-idUKKBN1IC033>

⁷Reuters (2018). “OPEC April oil output hits year low on Venezuela slide: Reuters survey: April 2018”. Accessed May 16, 2018. <https://www.reuters.com/article/us-oil-opec-survey/opec-april-oil-output-hits-year-low-on-venezuela-slide-reuters-survey-idUSKBN1I110Q>

⁸CBN (2018). “CBN Exchange Rates”. Accessed May 15, 2018. <https://www.cbn.gov.ng/rates/ExchRateByCurrency.asp>

⁹Abokifx (2018). “Lagos Black Market Rate”. Accessed May 16, 2018. https://abokifx.com/ratetypes/?rates=lagos_previous