

## Agricultural Sector

Agricultural sector exports increased at a remarkable pace in 2017. Total earnings from agricultural export goods grew by 181 percent to N170.4 billion<sup>1</sup>, compared to the N60.7 billion earned in 2016. The remarkable improvements in exports and export earnings reflect improvements in agricultural production and supply, at the backdrop of provision of farm mechanization services<sup>2</sup> and a likely boost in harvest periods during the year under review. Going forward, there is need to boost other segments of the agricultural value chain, particularly the investment in improving the processing of raw agricultural produce is critical to sectoral as well as economy-wide growth and development.



## Inflation

Consumer Price Index, measure for inflation dropped year-on-year by 0.87 percentage points to 11.61 percent in May 2018 – the 16<sup>th</sup> consecutive month of disinflation<sup>3</sup>. Core inflation dipped to 10.7 percent, while food inflation declined to 13.45 percent – this is however due to base year effects. However, month-on-month inflation increased in May 2018: Core inflation increased from 0.87 to 0.98 percent, a reflection of increased cost of logistics owing to a rise in price of fuel (diesel rose by 4.9 percent<sup>4</sup>). Food inflation also moderated by 1.33 percent, caused by increases in prices of Potatoes, yam and other tubers, Vegetables, Fish, Bread and cereals, Fruits and Meat. Going forward, month-on-month inflation is likely to continue on an upward trajectory in the second half of the year due to anticipated injections (such as the proposed N9.12 trillion for 2018 FGN budget, and spending in preparation for 2019 elections) that will likely affect aggregate demand. Hence, there is need for careful calibration of monetary policy tools and orderly fiscal injections to moderate the trend of inflation in the second half of the year.



## Petrol Subsidy

Recent media highlights suggest that according to the Petroleum Products Pricing and Regulatory Agency (PPPRA), fuel subsidy rose to 2.4 billion daily in May 2018, compared to N774 million in March- translating to a significant 212 percentage increase<sup>5</sup>. Increasing global crude oil price has pushed up landing costs for fuel importers like Nigeria, thus the need for the subsidy payment, without which domestic prices could be up to N205/litre. With this development, Nigeria may be gaining less from the increases in international oil price. Resuming fuel subsidy payment is deemed economically inefficient due to its regressive effect, opportunity cost, and adverse impact on the oil and gas sector. Going forward, there is severe need to put in place measures to curtail the deviation of subsidized fuel by the importers of petroleum products. There is also a need to prioritize investment in erecting world-class refineries in Nigeria to avert the need for future subsidy payments.



<b>ECONOMIC SNAPSHOT</b>		
<b>Quarterly Indicators</b>	<b>'17Q4</b>	<b>'18Q1</b>
GDP Growth Rate (%)	2.11	1.95
Oil GDP (%)	11.20	14.77
Non-oil GD 4P (%)	1.45	0.76
Unemployment Rate (%)	NA	NA
Foreign Direct Investment (US \$ Million)	378.41	246.62
Portfolio Investment (US \$Millions)	3,477.53	4,565.09
Other Investment (US \$Million)	1,526.92	1,491.93
External Debt (FGN & States- N'Billion)	5,787.51	NA
Domestic Debt (FGN-N'billion)	3,348.77	NA
Manufacturing Capacity utilization (%)	NA	NA
<b>Monthly Indicators</b>	<b>Apr'18</b>	<b>May'18</b>
Headline Inflation (%)	12.48	11.61
Food Sub-Index (%)	14.8	13.45
Core Sub-Index (%)	10.9	10.7
External Reserves (End Period) (US\$ Million)	47,492	47,605
Official Rate Approx. (N/US\$)	305	305
BDC Rate Approx. (N/US\$)	362	362
Manufacturing PMI	56.9	56.5
Non-Manufacturing PMI	57.5	57.3
Crude Oil Price (US\$/Barrel)	NA	NA
Petrol (PMS-N/litre)	151.4	150.2
Diesel (AGO -N/Litre)	204.35	205.67
Kerosene (HHK -N/Litre)	278.49	280.29
MPR (%)	14	14
CRR (%)	22.5	22.5
91 Day T-Bill Rate (%)	11.43	11.43
Savings Deposit (%)	4.07	4.07
Prime Lending (%)	17.24	NA
Maximum Lending (%)	31.56	NA
Narrow Money (N'Billion)	10,670.63	NA
Broad Money (N'Billion)	24,620.65	NA
Net Domestic Credit (N'Billion)	27,476.80	NA
Credit to the Government (N'Billion)	5,222.73	NA
Credit to the Private Sector(N'Billion)	2,225.40	NA
Currency in Circulation (N'Billion)	1,957.21	NA
FAAC (N'Billion)	701	NA

\*Revised GDP figures/tentative figures

NA: Not Available

<sup>1</sup>National Bureau of Statistics (2018). “Foreign Trade in Goods Statistics (Q4 & Full Year 2017)”. Retrieved from, [http://nigerianstat.gov.ng/elibrary?queries\[search\]=foreign%20trade](http://nigerianstat.gov.ng/elibrary?queries[search]=foreign%20trade)

<sup>2</sup>The Nation (2018). “Nigeria’s Agric export earnings N5b, says Ogbeh”. Accessed June 20, 2018. <http://thenationonline.net/nigerias-agric-export-earnings-n5b-says-ogbeh/>

<sup>3</sup>National Bureau of Statistics (2018). “CPI and Inflation Report May 2018”. Retrieved from, <http://nigerianstat.gov.ng/elibrary>

<sup>4</sup>National Bureau of Statistics (2018). “Automotive Gas Oil (Diesel) Price Watch (May 2018)”. Retrieved from, <http://nigerianstat.gov.ng/elibrary>

<sup>5</sup>Vanguard (2018). “Fuel subsidy hits N2.4bn daily”. Accessed June 20, 2018. <https://www.vanguardngr.com/2018/06/fuel-subsidy-hits-n2-4bn-daily/>

<sup>6</sup>Reuters (2018). “Oil slumps 3 percent on OPEC supply, China's tariffs”. Accessed June 20, 2018. <https://www.reuters.com/article/us-global-oil/oil-slumps-3-percent-on-opec-supply-chinas-tariffs-idUSKBN1JB02O>

<sup>6</sup>cbn.gov.ng