

Infrastructure Stock

Nigeria's infrastructure stock, comprising of roads, water-ways, seaports, airports, etc, increased slightly albeit a slower pace in recent years. At an estimated 35 percent of GDP in 2018, infrastructure stock grew marginally from the recorded 20-25 percent in 2014¹. The increase may be premised on slightly improved capital spending (the Federal government budgetary capital spending increased from ₦691 billion in 2015 to ₦2.2 trillion in 2017) for the four years under review. However, Nigeria's infrastructure stock continues to be significantly lower than the recommended international benchmark of 70 percent- a point it hopes to reach by 2043 if the required annual \$100 billion is invested over the next three decades. In achieving this, collaboration with the private sector is key. Improving the regulatory environment and curtailing political interference is a step towards improving Public Private Partnerships (PPPs).



Commercial Loans

Analysis of data from the debt management office shows that the Nation's foreign commercial loans have risen in recent years. In three years, commercial loans exposure rose significantly by 487 percent to reach \$8.8 billion as at March 2018² – from \$1.5 billion as at March, 2015. Commercial debts now make up 39.9 percent of the country's \$22.1 billion external debt burden. The increase in commercial loans which constitute Eurobonds and diaspora bonds, reflect the trend by the federal government in issuing market-based bonds denominated in foreign currencies such as the dollar, to raise capital needed for development spending. Going forward, it is critical that the government invests commercial bonds in projects that are capable of generating revenue to service the debt in the long-term in order to reduce the risk of default. In addition, the use of Eurobonds to refinance mature debt or for recurrent spending should be avoided.



Petroleum Products

The petroleum products importation statistics for Q2 2018 shows that 4.79 billion litres of premium motor spirits (PMS), 1.11 billion litres of automotive gas oil (AGO), and 43.79 million litres of household kerosene (HHK) were imported into the country in 2018Q2⁴. This translates to a decrease of 16%, increase of 16.3% and decrease of 34.6% respectively. The moderation in the quantity of imported petroleum products, particularly petrol, may point toward reduced demand and government's resolve to reduce petroleum imports by 60 percent in 2018. However, achieving significant reduction in petroleum product importation requires substantial investment in augmenting the country's refining capacity, by creating a policy environment to support private sector investment.



Business Confidence Outlook

Business expectation index for the month of July indicates that firms were less optimistic about the macroeconomy in July at 13.6 index points, compared to 34.7 points in June; due to insufficient demand and unfavorable political climate among other factors⁵. There is need to ensure a safe and peaceful environment in the months leading up to the election, in order to maintain business confidence. It is also important to ensure that the upcoming elections are free, fair and credible to boost business confidence.



ECONOMIC SNAPSHOT		
Quarterly Indicators	'17Q4	'18Q1
GDP Growth Rate (%)	2.11	1.95
Oil GDP (%)	11.20	14.77
Non-oil GDP (%)	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
Monthly Indicators	May'18	Jun'18
Headline Inflation (%)	11.61	11.23
Food Sub-Index (%)	13.45	12.988
Core Sub-Index (%)	10.7	10.4
External Reserves (End Period) (US\$ Million)	47,605	47,789
Official Rate Approx. (N/US\$)	305	305
BDC Rate Approx. (N/US\$)	362	362
Manufacturing PMI	56.5	57.0
Non-Manufacturing PMI	57.3	57.5
Crude Oil Price (US\$/Barrel)	NA	NA
Petrol (PMS-N/litre)	150.2	148.1
Diesel (AGO -N/Litre)	205.67	204.97
Kerosene (HHK -N/Litre)	280.29	279.67
MPR (%)	14	14
CRR (%)	22.5	22.5
91 Day T-Bill Rate (%)	11.43	NA
Savings Deposit (%)	4.07	NA
Prime Lending (%)	NA	NA
Maximum Lending (%)	NA	NA
Narrow Money (N'Billion)	NA	NA
Broad Money (N'Billion)	NA	NA
Net Domestic Credit (N'Billion)	NA	NA
Credit to the Government (N'Billion)	NA	NA
Credit to the Private Sector(N'Billion)	NA	NA
Currency in Circulation (N'Billion)	NA	NA
FAAC (N'Billion)	NA	NA

*Revised GDP figures/tentative figures

NA: Not Available

¹The NATION (2018). “Nigeria’s infrastructure stock hits 35 per cent, says expert”. Accessed August 13, 2018. <http://thenationonlineng.net/nigerias-infrastructure-stock-hits-35-per-cent-says-expert/>

²DMO (2018). “Nigeria’s External Debt Stock as at March 31, 2018”. Accessed August 13, 2018. <https://www.dmo.gov.ng/debt-profile/external-debts/external-debt-stock/2469-nigeria-s-external-debt-stock-as-at-march-31-2018/file>

³Punch (2018). “Nigeria’s foreign commercial loans rise to \$8.8bn”. Accessed August 13, 2018. <https://punchng.com/nigerias-foreign-commercial-loans-rise-to-8-8bn/>

⁴Nigeria Bureau of Statistics (2018). “Petroleum Products Imports and Consumption (Truck Out) Statistics (Q2 2018)”. Accessed August 13, 2018. <http://nigerianstat.gov.ng/elibrary>

⁵CBN (2018). “Monthly Business Expectations Survey Report”. Retrieved from, https://www.cbn.gov.ng/Out/2018/SD/July%202018%20BES%20Report_Final.pdf

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