

Human Capital Index

The World Bank's recently unveiled Human Capital Index ranks Nigeria at 152nd position out of the 157 countries surveyed, with a value of 0.34¹. Nigeria is placed below several other sub-Saharan African countries. The poor ranking likely accounts for long years of near-neglect and under-investment in human capital, particularly in the two most important components of human capital development – Education and Health. Overall spending on education and health in Nigeria make up a rather insignificant portion of GDP - at less than 4% and 1%² respectively - and reflects in the abysmally low social outcomes of Nigerians. Thus, these two very crucial sectors which otherwise should serve as direct links to improved productivity and economic growth, have witnessed deteriorating sectorial growth rate amid low contribution to GDP. If the status quo remains against the background of a rising population, the country may likely perform worse on the Index in subsequent years. To reverse the trend, adequate investments in education, health and the provision of economic opportunities by all relevant stakeholders should be a national priority.



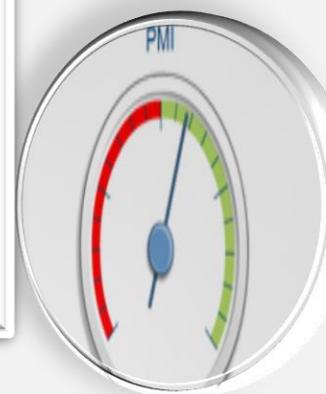
Inflation

Nigeria's inflation rate for the month of September 2018 ticked up slightly to 11.28 percent³, from 11.23 percent in August 2018 – a marginal percentage difference of 0.05. Although marginal, the latest figure shows the second month of steady rise in inflation following 18 consecutive months of dis-inflation, and reflects possible renewal of inflationary pressures ahead of elections. Food inflation rose to 13.31 percent, an increase of 0.25 percentage points over the previous month, signaling sustained pressure on food prices, which may likely have been amplified by the recent flood menace, damaging farmlands and hampering food production. However, core inflation moderated slightly to 9.8 percent, from 10 percent. A number of factors may drive inflation upwards in the coming months: a surge in oil price due to the recent geopolitical crisis between Saudi Arabia and the West, expectations that prices of goods rises towards the end of the year, and rising import prices amid upward movements in exchange rate. With MPR still at 14 percent, the MPC may have to maintain the current MPR or raise it.



Stock Market

The All Share Index reversed previous week's negative position with a gain of 73.83 basis points, closing at 32,456.98bps on October 12, 2018⁴. The represented 0.23% week-on-week growth is connected to a marginally increased trade volume, compared to prior week. Market capitalization rose by 0.23%, closing at N11.85trillion, from previous N11.82trillion, as a result of slight value gain by medium and high cap stocks⁵. However, on one hand, mixed stock market performances in the prior weeks have revealed a non-favorable behavioral pattern of investors towards risks in Nigeria, particularly due to political risk. On the other hand, the expected release of Q3 corporate earnings and key macroeconomic indicators, if favorable, may keep the market on the current bullish pedestrian. Going forward, maintaining a stable business and political environment in the months leading up to the elections is necessary to sustain investor appetite in Nigerian stocks.



ECONOMIC SNAPSHOT		
Quarterly Indicators	'18Q1	'18Q2
GDP Growth Rate (%)	1.95	1.5
Oil GDP (%)	14.77	-3.95
Non-oil GDP (%)	0.76	2.05
Unemployment Rate (%)	NA	NA
Foreign Direct Investment (US \$ Million)	246.62	261.4
Portfolio Investment (US \$Millions)	4,565.09	4,119.5
Other Investment (US \$Million)	1,491.93	1,132.8
External Debt (FGN & States- N'Billion)	6,746.27	6,750.91
Domestic Debt (FGN + States & FCT N'billion)	15,960.92	15,628.76
Manufacturing Capacity utilization (%)	NA	NA
Monthly Indicators	Aug'18	Sept'18
Headline Inflation (%)	11.23	11.28
Food Sub-Index (%)	13.2	13.31
Core Sub-Index (%)	10.0	9.8
External Reserves (End Period) (US\$ Million)	45,838.59	44,306.10
Official Rate Approx. (N/US\$)	305	305
BDC Rate Approx. (N/US\$)	362	362
Manufacturing PMI	57.1	56.2
Non-Manufacturing PMI	58.0	56.5
Crude Oil Price (US\$/Barrel)	NA	NA
Petrol (PMS-N/litre)	146.9	147.3
Diesel (AGO -N/Litre)	207.98	211.64
Kerosene (HHK -N/Litre)	288.75	297.28
MPR (%)	14	14
CRR (%)	22.5	22.5
91 Day T-Bill Rate (%)	12.14	NA
Savings Deposit (%)	4.07	NA
Prime Lending (%)	16.65	NA
Maximum Lending (%)	30.93	NA
Narrow Money (N'Billion)	10,448.16	NA
Broad Money (N'Billion)	24,859.35	NA
Net Domestic Credit (N'Billion)	24,848.63	NA
Credit to the Government (N'Billion)	2,378.39	NA
Credit to the Private Sector(N'Billion)	2,247.02	NA
Currency in Circulation (N'Billion)	1,928.74	NA
FAAC (N'Billion)	741.8	NA

*Revised GDP figures/tentative figures

NA: Not Available

¹World Bank (2018). “The Human Capital Project”. Retrieved from, <https://openknowledge.worldbank.org/bitstream/handle/10986/30498/33252.pdf?sequence=4&isAllowed=y>

²ICiR (2018). “Nigeria spends less than one percent of its GDP on healthcare, says World Bank”. Accessed October 17, 2018. <https://www.icirigeria.org/nigeria-spends-less-than-one-percent-of-its-gdp-on-healthcare-says-world-bank/>

³Nigeria Bureau of Statistics (2018). “CPI and Inflation Report September 2018”. Retrieved from, <http://www.nigerianstat.gov.ng/>

⁴NSE (2018). “Stock Market Report For October 12th 2018”. Retrieved from, http://www.nse.com.ng/market_data-site/other-market-information-site/Week%20Market%20Report/Weekly%20Summary%20Statistics%20for%20the%20Week%20Ended%20%2012-10-2018.pdf

⁵Trwstockbrokers (2018). “Short-Term Rebound Imminent On NGSE, As Investors Await Q3 Financials, Data”. Accessed October, 17, 2018. <https://trwstockbrokers.wordpress.com/category/nigeria-stock-market-analysis/page/2/>