

Balance of Trade Surplus

By year end 2018, the country recorded a total trade value of ₦32.3 trillion¹, representing 39.3% increase over the corresponding period in 2017. The volume of total merchandise trade in 2018 is noted to be the highest since 2014, nearly double pre-recession levels. Export component grew by approximately 41%, from ₦13.6 trillion in 2017 to ₦19.1 trillion in 2018. Oil (crude and non-crude) is responsible for the most part of export growth in the review year and accounts for about 94% of total exports. Agriculture and manufacturing sector exports also recorded a boost, rising to ₦302 billion and ₦645.7 billion respectively. Similarly, imports rose by 37.5% to ₦13.2 trillion. With exports exceeding imports, current account balance of trade improved to ₦5.9 trillion in 2018. To further boost Nigeria's current account position going forward, supply side policies to improve the efficiency and competitiveness of domestic industries, and thus exports, is crucial.

Rise in Financial Inclusion

Financial inclusion in Nigeria may have experienced progress in 2018 as revealed by the CBN in the latest financial inclusion newsletter. Findings from the 2018 Access to Financial Services Survey show that the country added 2.6 million people to the banking system (for account opening, mobile money usage, etc.). The inclusion translates to an increase in financial inclusion rate from 58.4% in 2016 to 63.2% in 2018², a rise of only 4.8 percentage points in two years – this demonstrates a relatively snail-paced improvement. The findings further highlight dimensions of disparity in inclusion in terms of gender and location. 44.1% women were financially included in comparison to 55.9% men, and 78.5% of people in urban areas were financially included compared to 21.5% in rural areas. Going forward, we do not expect financial inclusion to reach the 80% target, which was set by the Central Bank of Nigeria, in 2020. In order to remedy the situation, widespread implementation of Agent Banking, which enables third parties such as mobile money agents, supermarket and filling stations offer banking services on behalf of banks, in rural and semi-urban areas has the potential to improve financial inclusion.

Growing Losses in Oil and Gas Downstream Sector

Figures obtained from the Nigerian National Petroleum Corporation (NNPC) showed that the downstream sector incurred operational losses rather than gains in eleven months up to November 2018. The three major refineries (Kaduna, Port Harcourt, and Warri refineries) posted a cumulative loss of ₦114.3 billion³ which emerged from excess expenses incurred over revenue earned – from a loss of ₦21.7 billion in the same period in 2017⁴. The NNPC continues to attribute the losses to claims of ongoing revamp works at the refineries – another reason for below-standard performances⁵. Privatization of the refineries in order to bring them to profitability may be the most optimal decision for the NNPC. In order to achieve this, complete deregulation of the downstream sector is necessary for attracting private investors.

ECONOMIC SNAPSHOT		
Quarterly Indicators	'18Q3	'18Q4
GDP Growth Rate (%)	1.8	2.38
Oil GDP (%)	-2.90	-1.62
Non-oil GDP (%)	2.35	2.7
Unemployment Rate (%)	23.1	NA
Foreign Direct Investment (US \$ Million)	530.60	156.08
Portfolio Investment (US \$Millions)	1,723.1	1,394.68
Other Investment (US \$Million)	601.5	589.32
External Debt (FGN & States- N'Billion)	6,614.61	NA
Domestic Debt (FGN + States & FCT N'billion)	15,814.19	NA
Manufacturing Capacity utilization (%)	54.6	NA
Monthly Indicators	Dec'18	Jan'19
Headline Inflation (%)	11.44	11.37
Food Sub-Index (%)	13.56	13.31
Core Sub-Index (%)	9.8	9.9
External Reserves (End Period) (US\$ Million)	43,116.86	43,174.28
Official Rate Approx. (N/US\$)	305	305
BDC Rate Approx. (N/US\$)	362	362
Manufacturing PMI	61.1	58.5
Non-Manufacturing PMI	62.3	60.1
Crude Oil Price (US\$/Barrel)	NA	NA
Petrol (PMS-N/litre)	145.80	145.70
Diesel (AGO -N/Litre)	221.56	225.09
Kerosene (HHK -N/Litre)	290.74	306.28
MPR (%)	14	14
CRR (%)	22.5	22.5
91 Day T-Bill Rate (%)	10.91	NA
Savings Deposit (%)	4.07	NA
Prime Lending (%)	16.17	NA
Maximum Lending (%)	30.52	NA
Narrow Money (N'Billion)	11,751.14	NA
Broad Money (N'Billion)	27,078.83	NA
Net Domestic Credit (N'Billion)	27,594.16	NA
Credit to the Government (N'Billion)	4,867.58	NA
Credit to the Private Sector(N'Billion)	22,726.58	NA
Currency in Circulation (N'Billion)	2,329.71	NA
FAAC (N'Billion)	649	NA

*Revised GDP figures/tentative figures

NA: Not Available

¹National Bureau of Statistics (2019). "Foreign Trade in Goods Statistics (Q4 2018)". Retrieved from, <http://www.nigerianstat.gov.ng/>

²CBN (2019). "Financial Inclusion Newsletter 2019". Retrieved from, <https://www.cbn.gov.ng/Out/2019/CCD/Financial%20Inclusion%20Newsletter%20January%202019%20Volume%203%20Issue%204.pdf>

³NNPC (2018). "Financial and Operations Report, November 2018". Retrieved from, <https://www.nnpcgroup.com/Portals/0/Monthly%20Financial%20and%20Operations%20Data/Full%20Reports/NNPC%20Monthly%20Financial%20%20Operations%20Report%20for%20the%20Month%20of%20November%202018.pdf>

⁴NNPC (2017). "Financial and Operations Report, November 2017". Retrieved from, <https://www.nnpcgroup.com/Portals/0/Monthly%20Financial%20and%20Operations%20Data/Full%20Reports/NNPC%20Monthly%20Financial%20%20Operations%20Report%20for%20the%20Month%20of%20November%202017.pdf>

⁵Punch (2019). "NNPC loses N228.1bn revenue as refineries remain dormant". Accessed March 5, 2019. <https://punchng.com/nnpc-loses-n228-1bn-revenue-as-refineries-remain-dormant/>

⁶Leadership (2018). "Refinery Overhaul Begins In Q2 – NNPC". Accessed March 5, 2019. <https://leadership.ng/2018/03/14/refinery-overhaul-begins-in-q2-nnpc/>