

Aviation Sector

Nigeria's aviation sector witnessed substantial improvements in 2018 in both air passenger traffic and cargo movements. Figures from the Federal Airport Authorities of Nigeria show that the number of passengers through Nigerian airports stood at 15.2 million in 2018¹, about 13.4 percent increase from the 13.4 million passengers in 2017². The total cargo movement, stood at 245.89 million kilograms compared to 161.80 million kilograms recorded in 2017. With improvements in infrastructure, launch of new aircrafts by air operators, full-capacity schedule flight services, improved regulation, and less inference from the government in 2018³, the sector attracted more customers and ultimately garnered more revenue from the sales of tickets. By implication, these improvements in the industry bolstered the remarkable sectoral annual real growth rate which grew from 1.83 percent in 2017 to 20.7 percent in 2018⁴. Despite the improvements, there is need to create tax incentives that can attract investors that would invest in airport infrastructure upgrade and continuous maintenance to help unlock the full potential of the Nigerian airline industry.

Fall in Portfolio Investment

Portfolio transactions at the Nigeria Stock Exchange shrunk in the month of January 2019. As at 31 January 2019, total transactions at the nation's bourse declined by 3% from ₦125.86 billion recorded in December 2018 to ₦122.08 billion⁵. Compared with the corresponding month in 2018, performance of the review month revealed that total transactions reduced by 69.05%. January's performance relative to the previous month's performance may have resulted from the rate of foreign capital outflow comparative to domestic investment outflows. Data showed that outflow rate of foreign investment capital was 39.04%, higher than domestic outflow which recorded 27.81%. With the successful conduct of the 2019 elections, we do not expect the continuous heavy outflows from the capital market. However, the extent to which portfolio investment will be stimulated will depend on the investment climate created by the present administration.

Decline in Inflation

The National Bureau of Statistics (NBS) has just released the monthly Consumer Price Index (CPI) and Inflation report, covering the period of February 2019. From the report, Nigeria's inflation figure further decelerated to 11.31% in February⁶ - this represents about 0.06 percentage points lower than the 11.37% recorded in January 2019 – a very marginal change however. Food sub-index was pegged at 13.47%, slightly lower than 13.51% in January 2019. Also, core sub-index moderated to 9.8%, from 9.9%. Although marginal, the decline in rates was driven by fall in prices of some food items and commodities, and this invalidated market speculations of an increase in inflation rate due to huge election spending during the period⁷. Nonetheless, there is the possibility of a slight increment in inflation considering that the Monetary Policy Committee (MPC) recently reduced the Monetary Policy Rate (MPC) from 14% to 13.5%. The MPC would need to employ other monetary policy measures to check inflation in the coming months.

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	Jan'19	Feb'19
Headline Inflation (%)	11.37	11.31
Food Sub-Index (%)	13.51	13.47
Core Sub-Index (%)	9.9	9.8
External Reserves (End Period) (US\$ Million)	43,174.28	42,309.61
Official Rate Approx. (N/US\$)	305	305
BDC Rate Approx. (N/US\$)	362	362
Manufacturing PMI	58.5	57.1
Non-Manufacturing PMI	60.1	58.4
Crude Oil Price (US\$/Barrel)	60.05	64.19
Petrol (PMS-N/litre)	145.70	145.30
Diesel (AGO -N/Litre)	225.09	225.61
Kerosene (HHK -N/Litre)	306.28	305.55
MPR (%)	14	14
CRR (%)	22.5	22.5
91 Day T-Bill Rate (%)	10.98	10.91
Savings Deposit (%)	4.07	NA
Prime Lending (%)	16.01	NA
Maximum Lending (%)	30.48	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

¹Ships and Ports (2019). “FAAN: Nigerian airports handled 15.2 million passengers in 2018”. Accessed March 19, 2019. <http://shipsandports.com.ng/faan-nigerian-airports-handled-15-2-million-passengers-2018/>

²National Bureau of Statistics (2019). “Air Transportation Data (Q4 & Full Year 2017)”. Retrieved from, <https://nigerianstat.gov.ng/elibrary>

³This Day (2018). “Hope Rising for Aviation Sector”. Accessed March 19, 2019. <https://www.thisdaylive.com/index.php/2018/12/28/hope-rising-for-aviation-sector-2/>

⁴National Bureau of Statistics (2019). “Overview of GDP in Q4 2018”. Retrieved from, [https://nigerianstat.gov.ng/elibrary?queries\[search\]=GDP](https://nigerianstat.gov.ng/elibrary?queries[search]=GDP)

⁵NSE (2019). “The Nigerian Stock Exchange’s Domestic & Foreign Portfolio Investment Report”. Retrieved from, http://www.nse.com.ng/market_data-site/other-market-information-site/FPI%20Report/NSE%20Domestic%20and%20FPI%20Report%20January%202019.pdf

⁶National Bureau of Statistics (2019). “CPI and Inflation Report February 2019”. Retrieved from, <https://nigerianstat.gov.ng/elibrary>

⁷This Day (2019). “As Inflation Fears Ease”. Accessed March 20, 2019. <https://www.thisdaylive.com/index.php/2019/03/18/as-inflation-fears-ease/>