

Rising Portfolio Investment

Foreign and domestic investors consolidated their portfolio investments in May 2019 by increasing the value of their buy orders for Nigerian equities by about 50%. Compared to April 2019, total portfolio investments increased from ₦148.91 billion to ₦221.13 billion in May 2019¹. This makes it the second month of increase in the second quarter, indicating improvements from previous months of decline in the first quarter of 2019. The increases were triggered by greater investments from domestic investors, as the total value of transactions executed by domestic investors significantly outperformed transactions executed by foreign investors by 30%. However, improvements in both the domestic and foreign portfolio investments may be connected to limited uncertainties and a boost in investors' confidence in the economy, following the end of the election periods. At the minimum, we expect that the portfolio inflows will be sustained. However, increments in portfolio investment will depend on the extent to which inflation is curbed, maintaining stability in the foreign exchange market and the friendliness of the overall investment climate.

Rising Foreign Reserves

Accretion to the foreign reserves has been sustained in 2019. Recent figures from the monetary authority show that the reserves grew to \$45.086 billion as at June 21, 2019, up from \$43.075 billion in January 2019². This represents an accumulation of about \$2.011 billion in six months. Reserves shored up as a result of greater inflows than outflows. Rising oil earnings bolstered by higher oil price (from \$60.05 per barrel in January to about \$75 per barrel in June 2019³); and strengthening foreign portfolio investments inflows, have contributed to higher reserve inflows. In terms of outflows, the slower pace of the CBN's forex market intervention may have slowed outflows and allowed for inflows outpacing outflows. Current foreign reserves can cover an estimated 11 months of imports. Foreign reserves are expected to maintain a steady growth barring any fall in oil prices.

Growing Purchasing Managers' Index

Data from the Central Bank of Nigeria (CBN) shows manufacturing PMI in the month of June recorded at 57.4 index points⁴ - noting an expansion in Nigeria's manufacturing sector for the twenty-seventh consecutive month. 9 out of 11 manufacturing sub-indices grew during the review month, including production level. Similarly, the composite PMI for the non-manufacturing sector stood at 58.6 points in June 2019, indicating expansion in the non-manufacturing sector for the twenty-sixth consecutive month. Going forward, sustained stability in the foreign exchange market, improved demand as the economy continues to recover and expansionary fiscal policy will contribute to persistent growth in PMI.



ECONOMIC SNAPSHOT		
Quarterly Indicators	'18Q4	'19Q1
GDP Growth Rate (%)	2.38	2.1
Oil GDP (%)	-1.62	-2.40
Non-oil GDP (%)	2.7	2.47
Unemployment Rate (%)	NA	NA
Foreign Direct Investment (US \$ Million)	156.08	NA
Portfolio Investment (US \$Millions)	1,394.68	NA
Other Investment (US \$Million)	589.32	NA
External Debt (FGN & States- N'Billion)	7,759.22	NA
Domestic Debt (FGN + States & FCT N'billion)	16,627.84	NA
Manufacturing Capacity utilization (%)	55	NA
Monthly Indicators	Apr'19	May'19
Headline Inflation (%)	11.37	11.40
Food Sub-Index (%)	13.70	13.79
Core Sub-Index (%)	9.3	9.0
External Reserves (End Period) (US\$ Million)	44,792.70	45,122.82
Official Rate Approx. (N/US\$)	305	305
BDC Rate Approx. (N/US\$)	362	362
Manufacturing PMI	57.7	57.8
Non-Manufacturing PMI	58.7	58.9
Crude Oil Price (US\$/Barrel)	73.08	NA
Petrol (PMS-N/litre)	145.90	145.00
Diesel (AGO -N/Litre)	230.67	228.02
Kerosene (HHK -N/Litre)	316.26	315.91
MPR (%)	13.5	13.5
CRR (%)	22.5	22.5
91 Day T-Bill Rate (%)	10.91	NA
Savings Deposit (%)	4.07	NA
Prime Lending (%)	18.23	NA
Maximum Lending (%)	30.89	NA
Narrow Money (N'Billion)	11,252.43	NA
Broad Money (N'Billion)	35,167.53	NA
Net Domestic Credit (N'Billion)	32,898.45	NA
Credit to the Government (N'Billion)	8,001.77	NA
Credit to the Private Sector(N'Billion)	24,896.67	NA
Currency in Circulation (N'Billion)	2,158.70	NA
FAAC (N'Billion)	616.20	NA

*Revised GDP figures/tentative figures
NA: Not Available

¹NSE (2019). “Foreign Portfolio Investment Report”. Retrieved June 25, 2019.
<http://www.nse.com.ng/market-data/other-market-information/foreign-portfolio-investment-report>

²CBN (2019). “Movement In Reserves”. Accessed June 25, 2019.
<https://www.cbn.gov.ng/IntOps/Reserve.asp>

³CBN (2019). “Data Report Generated from Statistics Database”. Accessed June 25, 2019.
<http://statistics.cbn.gov.ng/cbn-onlinestats/QueryResultWizard.aspx>

⁴CBN (2019). “Purchasing Managers’ Index (PMI) Survey Report”. Retrieved from,
https://www.cbn.gov.ng/Out/2019/STD/PMI%20Report_June%202019.pdf

