

Increase in Capital Importation

The total value of capital importation into Nigeria amounted to US\$ 8.49 billion in the first quarter of 2019¹. This represents a significant increase of 216% relative to 2018Q4 and about 35% growth when compared to the corresponding quarter in 2018. The largest amount of capital importation by type was received through portfolio investment, which accounted for 84% (US\$ 7.15 billion) of total capital importation. Other investments and foreign direct investments also increased during the quarter and accounted for 13% (US\$ 1.10 billion) and 2.86% (US\$ 243.36 million) of total capital imported in 2019Q1. In the months following the end of election period, there seems to have been a build-up in investors' confidence in the macro economy, as partly evidenced in portfolio investment QOQ increase of 306% – from US\$ 1.4 billion to US\$ 7.1 billion. However, the agriculture and manufacturing sectors, that are expected to deliver inclusive growth and sustainable development, have not attracted the majority of the investment. To attract capital into these sectors, the cost of local production will need to be lowered by building competitive infrastructure and reducing import protection such as the removal of the Import Prohibition List.

Rising Terms of Trade

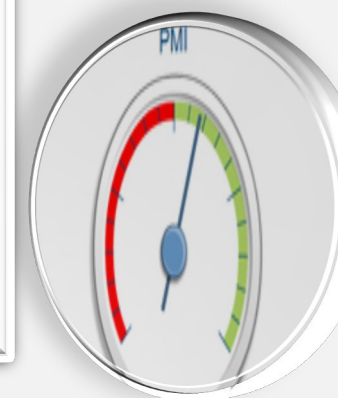
Nigeria's commodity terms of trade (a reflection of the amount of import goods an economy can purchase per unit of export goods) rose by 2.3% in the first quarter of 2019², from a 2.8% decline in 2018Q4³. The quarter's favourable terms of trade indicate a rise in the prices/value of Nigeria's export (compared to the imports), particularly to Asia and the US. While the import index fell by 0.46% on average, the export index increased by 1.85% between January and March 2019. The development was triggered by improvements in prices of export categories that contributed to the favourable terms of trade: products of the chemical and allied industries, animal products, vegetable fats and oil products, and wood products⁴. Focus should remain on boosting growth in high-potential industries particularly the solid minerals sub-sector. Industry challenges such as inaccessibility to the Solid Minerals Development Fund, lack of geological data, and illegal mining should be addressed.

Increase in FAAC disbursement

The Federation Accounts Allocation Committee, FAAC, disclosed that the sum of ₦679.7 billion was disbursed among the federal, state, and local governments in June 2019⁵, as revenue earned in May 2019. The breakdown shows that the Federal Government received ₦15.38 billion; the States received ₦51.28 billion, while the Local Government Councils received ₦35.89 billion. The total allocated amount (₦679.7 billion) is 10.3% higher than the ₦616.2 billion allocated in the preceding month. The committee noted that revenues from oil royalty and Companies Income Tax (CIT) improved tremendously while Petroleum Profits Tax (PPT) decreased significantly with Import Duty and Value Added Tax (VAT) recording marginal increases. There is considerable scope for enlarging the fiscal space in Nigeria through fiscal reform that targets tax administration systems⁶. However, it is important to ensure that the distributional effects of tax reform are carefully considered in mobilizing tax revenues in order not to increase poverty and inequality.

Compiled by the Information and Data Management (IDM) Unit, CSEA

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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)	173.37	243.36
Portfolio Investment (US \$Millions)	1,760.76	7,145.98
Other Investment (US \$Million)	750.93	1,096.15
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	11,385.05
Broad Money (N'Billion)	35,167.53	34,897.62
Net Domestic Credit (N'Billion)	32,898.45	32,175.50
Credit to the Government (N'Billion)	8,001.77	7,310.79
Credit to the Private Sector(N'Billion)	24,896.67	24,864.71
Currency in Circulation (N'Billion)	2,158.70	2,111.85
FAAC (N'Billion)	616.20	679.70

*Revised GDP figures/tentative figures
NA: Not Available

¹National Bureau of Statistics (2019). “Nigerian Capital Importation (Q1 2019)”. Retrieved from, <https://nigerianstat.gov.ng/elibrary>

² National Bureau of Statistics (2019). “Commodity Price Indices and Terms of Trade (Q1 2019)”. Retrieved from, <https://nigerianstat.gov.ng/elibrary>

³ National Bureau of Statistics (2019). “Commodity Price Indices and Terms of Trade (Q4 2018)”. Retrieved from, [https://nigerianstat.gov.ng/elibrary?queries\[search\]=comm](https://nigerianstat.gov.ng/elibrary?queries[search]=comm)

⁴Proshare (2019). “All Commodity Group Export Price Index Rose By 1.85% In Q1 2019”. Accessed June 29, 2019. <https://www.proshareng.com/news/Nigeria%20Economy/All-Commodity-Group-Export-Price-Index-Rose-By-1.85Percent--In-Q1-2019/45840>

⁵Vanguard (2019). “FG, States, LGs share N679.7bn as May statutory allocation”. Accessed June 29, 2019. <https://www.vanguardngr.com/2019/06/fg-states-lgs-share-n679-7bn-as-may-statutory-allocation/>

⁶ IMF (2018). Nigeria: Selected Issues. IMF Country Report No. 18/64. <https://www.imf.org/en/Publications/CR/Issues/2018/03/07/Nigeria-Selected-Issues-45700>