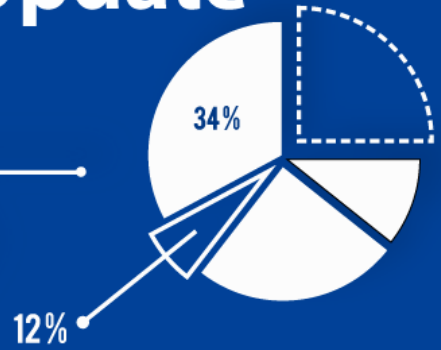


# Nigeria Economic Update



Weekly  
**Digest**



## ***Decline in Stock Market Indices***

Market indices at the Nigeria Stock Exchange closed downward in the trading week ended October 4, 2019. The bourse recorded a meagre 2.48 percent decrease in twin market indices– All Share Index and Market Capitalization. Both indices closed at 26,987.45 and N13.137 trillion respectively.<sup>1</sup> All of other market indices depreciated with the exception of NSE Insurance and NSE Industrial Goods Indices. The worst hit was Consumer Goods Index NSE Banking Index which declined by 4.92 percent and 3.94 percent respectively, while the NSE Insurance Index increased by the most percentage of 5.71percent. The depreciation can be linked to profit taking on gains made the previous week.<sup>2</sup> We expect market sentiment to turn around as discerning investors start buying stocks that are now trading at lower levels. We also expect that the swift approval of the 2020 budget will have a positive impact on investor’s sentiment, consumer spending and companies’ earnings; and thus on the future market value of the outstanding shares, especially in the consumer goods market.

## ***Rising FAAC Allocation***

The Federation Account Allocation Committee (FAAC) disbursed the sum of ₦769.53 billion to the federal, state and local of government in August 2019 from the revenue generated in July 2019. Disaggregated data shows the Federal Government received ₦299.80 billion, the States received ₦190.38 billion, while the Local Government Councils received ₦143.57 billion.<sup>3</sup> The total amount allocated was about 1 percent higher than the ₦762.6 billion allocated in the preceding month. It is worth noting that the balance of Excess Crude Account stood at \$328.122 million as at September 19<sup>th</sup> 2019.<sup>4</sup> The negligible increment in the FAAC allocations point to the unreliability of oil as a source of revenue. As such, tax and non-tax internally generated revenue from each state is required to increase in order for states to remain viable.

## ***Declining Performance in WAEC***

Recently released report by the National Bureau of statistics shows a decrease in students’ performance in 2018 relative to 2017. 47.21 percent of candidates who sat for the exams in 2018 passed with 5 credits including English Language and Mathematics compared to 53.97 percent in the previous year.<sup>5</sup> 50.47 percent of the candidates that passed in 2018 were female while 49.53 percent were male. The pass rate for candidates in public school (48.15 percent) was higher than that of their private school counterpart (33.81 percent). Furthermore, regional data shows the South East (66.25 percent) is the best performing region while the North East (19.96 percent) had the poorest performance among candidates. The underperformance of Nigerian students among the WAEC countries of Sierra Leone, Liberia, Ghana, and the Gambia, calls for a multi-stakeholder partnership for better quality education which involves improving teaching standards and increasing financing for education. Furthermore, efforts should be geared towards the excluded groups specifically students in private schools, the North and males.

<b>ECONOMIC SNAPSHOT</b>		
<b>Quarterly Indicators</b>	<b>'19Q1</b>	<b>'19Q2</b>
GDP Growth Rate (%)	2.1	1.94
Oil GDP (%)	-2.40	5.15
Non-oil GDP (%)	2.47	1.64
Unemployment Rate (%)	NA	NA
Foreign Direct Investment (US \$ Million)	243.36	222.89
Portfolio Investment (US \$Millions)	7,145.98	4,292.89
Other Investment (US \$Million)	1,096.15	1,304.43
External Debt (FGN & States- N'Billion)	7,860.88	NA
Domestic Debt (FGN + States & FCT N'billion)	17,086.20	NA
Manufacturing Capacity utilization (%)	NA	NA
<b>Monthly Indicators</b>	<b>July'19</b>	<b>Aug'19</b>
Headline Inflation (%)	11.08	11.02
Food Sub-Index (%)	13.39	13.17
Core Sub-Index (%)	8.80	8.68
External Reserves (End Period) (US\$ Million)	44,903.03	43,607.80
Official Rate Approx. (N/US\$)	305	305
BDC Rate Approx. (N/US\$)	362	362
Manufacturing PMI	57.6	57.9
Non-Manufacturing PMI	58.7	58.8
Crude Oil Price (US\$/Barrel)	NA	NA
Petrol (PMS-N/litre)	145.00	145.5
Diesel (AGO -N/Litre)	224.96	229.08
Kerosene (HHK -N/Litre)	316.03	319.94
MPR (%)	13.5	13.5
CRR (%)	22.5	22.5
91 Day T-Bill Rate (%)	9.92	9.92
Savings Deposit (%)	3.93	NA
Prime Lending (%)	15.46	NA
Maximum Lending (%)	31.07	NA
Narrow Money (N'Billion)	11,435.79	NA
Broad Money (N'Billion)	35,675.93	NA
Net Domestic Credit (N'Billion)	33,412.40	NA
Credit to the Government (N'Billion)	9,138.08	NA
Credit to the Private Sector(N'Billion)	24,274.31	NA
Currency in Circulation (N'Billion)	2,003.09	NA
FAAC (N'Billion)	769.5	720.88

\*Revised GDP figures/tentative figures

NA: Not Available

<sup>1</sup>NSE (2019). "Stock Market Report for October 4th 2019, [http://www.nse.com.ng/market\\_data-site/other-market-information-site/FPI%20Report/NSE%20Domestic%20and%20FPI%20Report%20%20May%202018.pdf](http://www.nse.com.ng/market_data-site/other-market-information-site/FPI%20Report/NSE%20Domestic%20and%20FPI%20Report%20%20May%202018.pdf)

<sup>2</sup>Business Day (2019). "Markets Stock investors lose over N330bn in one week" Accessed on October 7, 2019. <https://businessday.ng/markets/article/stock-investors-lose-over-n330bn-in-one-week/>

<sup>3</sup>NBS (2019). "Federation Account Allocation Committee (FAAC) August 2019 Disbursement". Retrieved from. <https://www.cbn.gov.ng/Out/2019/FMD/Half%20Year%20Activity%20Report%202019.pdf>

<sup>4</sup>Vanguard Newspaper (2019). FAAC shares N720.880bn among FG, states, LGs for August. Accessed on October 7, 2019. <https://www.vanguardngr.com/2019/09/faac-shares-n720-880bn-among-fg-states-lgs-for-august/>

<sup>5</sup>NBS (2019). "WAEC Results Statistics (2016-2018)". Retrieved from, <http://nigerianstat.gov.ng/download/1001>

