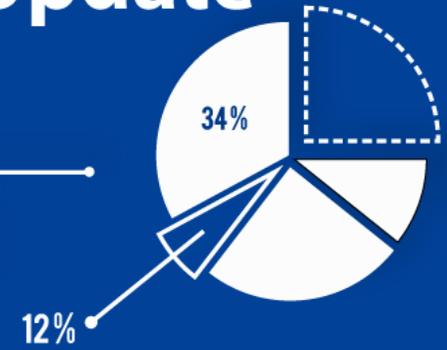




Nigeria Economic Update



Weekly
Digest



Rise in Human Development Index

The recent report by the United Nations Development Programme (UNDP) shows that Nigeria's Human Development Index (HDI) rose marginally from 0.532 in 2017 to 0.534 in 2018¹. The HDI is a composite index of life expectancy, education and per capita income indicators. The marginal rise led to Nigeria being ranked 158th out of 189 countries¹. Despite the improvement in its HDI, Nigeria is still in the low HDI category unlike Ghana and Cameroon which are in the medium HDI category with 0.596 and 0.563 respectively. Furthermore, the additional index of inequality-adjusted HDI which measures the basic human development achievements while accounting for inequality, indicated the Nigerian HDI dropped to 0.349 when inequality was discounted which is significantly below Sub-Saharan Africa's regional average of 0.376. A low HDI indicates that the productivity and purchasing power of the populace are low which in turn affects economic output. The government and private sector can reverse the trend by putting in place high quality and affordable education and health care system for citizens as well as creating well-paying jobs.

Increase in Balance of Trade Surplus

The total value of Nigeria's merchandise trade grew in 2019Q3 by 6.8% to ₦9,187 billion, when compared to 2019Q2. The growth translated to a 1.33% rise relative to 2018Q3. Exports grew quarter-on-quarter by 15% to ₦5,288.5 billion, contrastingly imports decreased by 2.70% to ₦3,899.1 billion³. The imports decline was driven by a fall in the value of imported agricultural products (-4.01%), raw material imports (-4.64%), and solid material import (-31.73%) while the export growth was largely driven by a rise in manufactured goods (839.44%). The increase in balance of trade surplus could be linked to the government's policies: Nigeria-Benin border closure; prohibition of imports and ineligibility for foreign exchange at CBN's official window; and enforcing the patronage of Made in Nigeria products. This trade surplus implies that there is surplus foreign exchange which could improve the value of the Naira in the global markets and there is a higher demand for local goods which should increase domestic employment. However, improvements in the competitiveness of export sectors, through improving infrastructure, curbing multiple taxation, and cutting down on bureaucratic bottlenecks, will lead to a less artificial and more sustainable increase in the balance of trade surplus.

Rise in Collection Efficiency among DisCos

The Association of Nigerian Electricity Distributors (ANED) noted a record rise in revenue collection to ₦466 billion⁴. The rise indicated a 10% year-on-year growth, which was largely due to the Distribution Companies (DisCos) performance improvement. The collection efficiency peaked in July 2019 at 74.5%, with 2019Q3 setting a record of 70% efficiency⁵. The energy billed in 2019Q3 reduced to 328 GWh compared to the previous quarter but the reduced losses allowed DisCos' billings rise to ₦43 billion. The improvement in collection efficiency is tied to the introduction of the Meter Asset Provider (MAP) regulation in 2018 which brings in third-party financiers to provide meters to customers. However, there still remains a liquidity challenge in the industry as DisCos are still unable to completely settle their invoices. While the MAP regulation has led to reduction in commercial losses, the implementation of cost-reflective tariffs in 2020 is likely to further reduce the losses.

ECONOMIC SNAPSHOT		
Quarterly Indicators	'19Q1	'19Q2
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
Monthly Indicators	July'19	Aug'19
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

UNDP (2019) “Human Development Report 2019” retrieved from
<http://hdr.undp.org/sites/default/files/hdr2019.pdf>.

² UNDP (2019) “Human Development Report 2019: Briefing note for countries on the 2019 Human Development Report” retrieved from

http://hdr.undp.org/sites/all/themes/hdr_theme/country-notes/NGA.pdf

³NBS (2019) “Foreign Trade in Goods Statistics (Q3 2019)” retrieved from
<https://nigerianstat.gov.ng/download/1033>

⁴Punch(2019) “Discos increase revenue collection to N466bn”

<https://punchng.com/discos-increase-revenue-collection-to-n466bn/>

⁵ ANED (2019). “Analysis of the commercial KPIs for ANED’s members Q3/2019”. Retrieved from,
<http://www.anedng.com/wp-content/uploads/2019/12/2019Q3-ANEDs-MEMO-1-.pdf>