

## Purchasing Managers' Index

Recent Purchasing Managers' Index report shows general expansions in both Manufacturing and Non-manufacturing sectors in June 2017 – indicating growth for three consecutive months. Manufacturing PMI stood at 52.9 index points in June 2017, slightly up from 52.5 index points in May<sup>1</sup>. Non-manufacturing PMI grew to 54.2 index points from 52.7 index points recorded in May 2017. The increase in output and new orders, as well as improved manufacturing and business indices recorded in the past three months is attributable to the sustained increase in forex liquidity. Thus, keeping the Naira-dollar exchange rate relatively stable and improving access to imported raw materials and finished goods for businesses. Since crude oil is the dominant source of foreign exchange earnings for Nigeria, rising global oil supply (which could exert downward pressure on oil prices) threatens the sustainability of growth in PMI in the short-to-medium term.



## Portfolio Investment

Analysis of transactions at the Nigeria Stock Exchange reveals a significant increase in the portfolio investment for the month of May 2017, relative to the month of April 2017. Total transactions rose significantly by 274.5 percent to N205.6 billion<sup>2</sup>. While Foreign Portfolio Investment improved by 324.0 percent to N95.2 billion, Domestic investment increased by 240.3 percent to N110.4 billion. Assessed as a remarkable recovery at the stock exchange, the increase is attributable to an outlook of an improved economic performance following passage of the 2017 Budget. Going forward, an effective implementation of the budget towards economic recovery together with stability in the financial system and macroeconomic environment is essential for enhancing portfolio investment and improvement in stock market performance.



## Stock Market

The Nigeria Stock Exchange recorded continued bullish trading activities, following the increase in the preceding week. All-Share Index and Market Capitalization appreciated by 3.10 percent to close the week (June 30, 2017) at 33,117.48 points and N11.45 trillion respectively. The rally seen in the stock market is likely attributable to ripple and continued effects of improved foreign exchange policy actions (Interventions) by the CBN. Thereby, boosting investor confidence over time. Going forward, the decision of the Monetary Policy Committee (MPC) in its next meeting would be critical in accelerating or dampening the recent bullish trend in the stock market.



## Power Sector

Power sector statistics indicates a huge decline in power generated in the week under review (June 23, 2017 to June 30, 2017). Power generated, attained a peak of 4,305 MW on June 23, 2017<sup>4</sup> but fell significantly by 33.1 percent to approximately average of 3,000 MW as at June 30, 2017<sup>5</sup>. The huge decline is attributable to continued poor payment and inability of most GENCOs to pay for gas supply<sup>6</sup> and a system collapse. Consequently, power sector lost huge prospective funds; and daily power supply reduced to 4.5 hours per day<sup>7</sup>. Going forward, improvement in energy supply is critical to domestic production, job creation, and diversification agenda of the government. Therefore, it is essential that government revisits the policy guidelines for operators in the power sector to promote probity, efficiency, and accountability. In this regard, policy initiatives that foster competition, increase power generation, and improve quality of service delivery in the power sector need to be given appropriate consideration.



## ECONOMIC INDICATORS

<b>QUARTERLY ECONOMIC INDICATORS</b>	<b>2016Q3</b>	<b>2016Q4</b>	<b>2017Q1</b>
<b>GDP Growth Rate (%)</b>	-2.34*	-1.73*	-0.52
<b>Oil GDP (%)</b>	-23.04*	-17.70*	-11.64
<b>Non-Oil GDP (%)</b>	0.03	-0.33	0.72
<b>Unemployment Rate (%)</b>	13.9	14.2	NA
<b>Underemployment Rate (%)</b>	19.7	21.0	NA
<b>Foreign Direct Investment (US \$'Million)</b>	340.64	344.63	211.38
<b>Portfolio Investment (US \$'Million)</b>	920.32	284.22	313.61
<b>Other Investments (US \$'Million)</b>	561.16	920.03	383.28
<b>External Debt (FGN &amp; States - N'Billion)</b>	3,535.58	3,478.91	NA
<b>Domestic Debt (FGN - N'Billion)</b>	10,845.22	11,058.20	NA
<b>Manufacturing Capacity Utilisation (%)</b>	48.4	48.5	NA
<b>MONTHLY ECONOMIC INDICATORS</b>	<b>Mar-2017</b>	<b>Apr-2017</b>	<b>May-2017</b>
<b>Headline Inflation (%)</b>	17.26	17.24	16.25
<b>Food Sub-Index (%)</b>	18.44	19.30	19.27
<b>Core Sub-Index (%)</b>	15.40	14.80	13.00
<b>External Reserve (US\$ Million)</b>	29,996.38	30,749.28	29,811.85
<b>All Share Index (Points)</b>	25,516.34	25758.51	NA
<b>Market Capitalization (N' Billion)</b>	8,828.96	8912.90	NA
<b>Exchange Rate (BDC - N/US\$)</b>	429.48	392.89	384.48
<b>Official Rate (N/US\$)</b>	306.4	306.05	305.54
<b>Manufacturing PMI</b>	47.7	51.1	52.5
<b>Non-Manufacturing PMI</b>	47.1	49.5	52.7
<b>Crude Oil Price(US\$/Barrel)</b>	52.13	52.94	50.57
<b>Petrol (PMS - N/litre)</b>	149.4	149.9	150.57
<b>Diesel (AGO - N/litre)</b>	234.55	229.25	216.3
<b>Kerosene (NHK - N/litre)</b>	311.56	280.80	303.29
<b>MPR (%)</b>	14	14	14
<b>Private Sector CRR (%)</b>	22.5	22.5	22.5
<b>Public Sector CRR (%)</b>	22.5	22.5	22.5
<b>91 Day T-Bill Rate (%)</b>	13.60	13.58	13.5
<b>Savings Deposit (%)</b>	4.23	4.24	4.08
<b>Prime Lending (%)</b>	17.43	17.44	17.58
<b>Maximum Lending (%)</b>	30.18	30.31	30.75
<b>Narrow Money (N'Billion)</b>	9,955.24	9,760.42	10,184.90
<b>Broad Money (N'Billion)</b>	22,024.98	21,712.98	21,975.34
<b>Net Domestic Credit (N'Billion)</b>	27,472.69	27,534.71	26,758.77
<b>Credit to Government (N'Billion)</b>	5,199.69	5,591.83	4,828.05
<b>Credit to Private Sector (N'Billion)</b>	2,227.30	2,194.29	2,193.07
<b>Currency in Circulation (N'Billion)</b>	1,983.63	1,975.81	1,897.92
<b>FAAC (N' Billion)</b>	496.39	462.4	NA

\*Revised GDP figures

NA: Not Available

<sup>1</sup>Central Bank of Nigeria (2017). “Purchasing Managers’ Index (PMI) Survey Report”. Retrieved from, [http://www.cbn.gov.ng/Out/2017/SD/PMI\\_Report\\_June%202017.pdf](http://www.cbn.gov.ng/Out/2017/SD/PMI_Report_June%202017.pdf)

<sup>2</sup>NSE (2017). “Domestic & Foreign Portfolio Participation in Equity Trading – May 2017”. Retrieved from, [http://www.nse.com.ng/market\\_data-site/other-market-information-site/FPI%20Report/NSE%20Domestic%20and%20FPI%20Report%20-%20May%202017.pdf](http://www.nse.com.ng/market_data-site/other-market-information-site/FPI%20Report/NSE%20Domestic%20and%20FPI%20Report%20-%20May%202017.pdf)

<sup>3</sup>cbn.gov.ng

<sup>4</sup>NERC (2017). “Generation”. Accessed July 4, 2017.

<http://www.nercng.org/index.php/library/industry-statistics/generation>

<sup>5</sup>Nigeria Electricity Hub (2017). “Power Supply Drops by 14%, as Another System Collapse Occurs”. Accessed July 4, 2017. <http://www.nigeriaelectricityhub.com/2017/06/30/power-supply-drops-by-14-as-another-system-collapse-occurs/>

<sup>6</sup>Nigeria Electricity Hub (2017). “Electricity Generation Drops by 1,000MW, Crashes to 2,982MW”. Accessed July 4, 2017. <http://www.nigeriaelectricityhub.com/2017/06/27/electricity-generation-drops-by-1000mw-crashes-to-2982mw/>

<sup>7</sup>Nigeria Electricity Hub (2017). “Epileptic Power Grounds Businesses As Supply Drops to 4.5 Hours Per Day”. Accessed July 4, 2017. <http://www.nigeriaelectricityhub.com/2017/06/29/epileptic-power-grounds-businesses-as-supply-drops-to-4-5-hours-per-day/>