Nigeria Economic Update

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Economic Growth

The World Economic Outlook report, recently released by the World Bank, reduced its growth projection for Nigeria to 2.1 percent in 2018¹, from 2.5 percent². The new growth projection is considerably lower than the 3.5 percent 2018 growth rate projected by the federal government of Nigeria. However, at 2.1 percent, the growth is a significant improvement from actual 2017 growth rate of 0.83 percent; and this outlook has been hinged on improving oil prices, revenue and production, and foreign exchange measures that contribute to better foreign exchange availability. Going forward, deepening the export base and revenue-earning potentials of the Nigerian economy should continue to be top priority for the government in order to ensure higher and more sustainable economic growth.



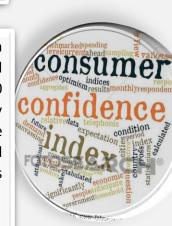
Revenue Mobilization

Figures from the newly released immigration statistics by the NBS, show decline in revenue generated (Year-on-Year) by the Nigerian Immigration Service. Specifically, the NIS generated N35.74 billion in 2017 as against N36.18 billion local revenue generated in 2016³. The revenue which is generated from passport issuance, address verification fee, non-refundable administration fee and e-pass among others have declined partly on the premise of a significant Year-on-Year drop in passport applications⁴, as well as decline in visa issuance by foreign missions – owning to the economic downturn. Going forward, revenues from the NIS is expected to bolster in 2018 as the economy recovers. Thus, the Nigerian government should facilitate the full implementation of the Economic Recovery and Growth Plan (ERGP) and the release of the 2018 budget to bring to facilitate growth-inducing investments and expenditure in the economy.



Consumer Confidence Index

The Consumer Expectation Survey report by the CBN reveals that the consumer outlook on the macro economy in 2018Q1 has deteriorated. Quarter-over-Quarter, consumer overall confidence index dropped to a contracted 6.4 points⁵, down significantly from positive 1.0 points. Respondents attributed the decline to worsening economic condition and family financial situation. The recent improvements in macroeconomic indicators are yet to have ripple effects on the economy. We expect consumer confidence to pick up as continued macroeconomic progress in Q1 and Q2 begins to reflect in the microeconomy (households and grassroots level).



Crude Oil Statistics

Global benchmark crude price hit a three-and-a-half year peak in the review week. Week-on-week, Brent was sold at \$74.06⁶, up from \$73.18⁷. Nigeria's bonny light price rose to \$75.95 per barrel⁸. The increase is a signal of the drop in U.S. stockpiles and ongoing risk of supply disruptions (conflict in Syria) ⁹. OPEC member countries expect that prices will reach high level of \$100 per barrel in the short term; however, this is conventionally possible if supply shortages/disruptions persist, a means that is partly beyond the control of OPEC. With crude oil price benchmarked at \$45 in the proposed 2018 budget, the balance in the Excess Crude Account (ECA) is expected to rise significantly. It is our recommendation that the government channel the funds in ECA towards the 2018 budget.



ECONOMIC SNAPSHOT		
Quarterly Indicators	'17Q3	'17Q4
GDP Growth Rate (%)	1.40	1.92
Oil GDP (%)	25.89	8.38
Non-oil GDP (%)	-0.76	1.45
Unemployment Rate (%)	18.8	NA
Foreign Direct Investment (US \$ Million)	117.60	378.41
Portfolio Investment (US \$Millions)	2,767.42	3,477.53
Other Investment (US \$Million)	1,260.08	1,526.92
External Debt (FGN & States- N'Billion)	4,693.91	NA
Domestic Debt (FGN-N'billion)	15,678.0	NA
Manufacturing Capacity utilization (%)	NA	NA
Monthly Indicators	Feb'18	Mar'18
Headline Inflation (%)	14.33	13.34
Food Sub-Index (%)	17.59	16.08
Core Sub-Index (%)	11.70	11.20
External Reserves (End Period) (US\$ Million)	42,492.67	NA
Official Rate Approx. (N/US\$)	305	305
BDC Rate Approx. (N/US\$)	362	362
Manufacturing PMI	56.3	56.7
Non-Manufacturing PMI	56.1	57.2
Crude Oil Price (US\$/Barrel	NA	NA
Petrol (PMS-N/litre)	172.5	163.4
Diesel (AGO -N/Litre)	209.89	206.41
Kerosene (HHK -N/Litre	288.57	268.99
MPR (%)	14	14
CRR (%)	22.5	22.5
91 Day T-Bill Rate (%)	11.88	NA
Savings Deposit (%)	4.07	NA
Prime Lending (%)	17.53	NA
Maximum Lending (%)	31.40	NA
Narrow Money (N'Billion)	10,730.86	NA
Broad Money (N'Billion)	24,019.09	NA
Net Domestic Credit (N'Billion)	26,909.59	NA
Credit to the Government (N'Billion)	4,288.31	NA
Credit to the Private Sector(N'Billion)	2,262.12	NA
Currency in Circulation (N'Billion)	1,937.33	NA
FAAC (N'Billion)	647.4	NA

^{*}Revised GDP figures/tentative figures NA: Not Available

¹IMF (2018). "World Economic Outlook, April 2018, Cyclical Upswing, Structural Change". Retrieved from, https://www.imf.org/en/Publications/WEO/Issues/2018/03/20/world-economic-outlook-april-2018

²World Bank (2018). "GLOBAL OUTLOOK: Broad-Based Upturn—Will It Last?". Retrieved from, https://openknowledge.worldbank.org/bitstream/handle/10986/28932/Global-Economic-Prospects-Jan-2018-Ch1.pdf

³National Bureau of Statistics (2018). "Immigration Statistics (2017)". Retrieved from, http://www.nigerianstat.gov.ng/

⁴Nairametrics (2018). "Nigerian Immigration Service (NIS) generated ₦35.7 billion in 2017". Accessed April 25, 2018. https://nairametrics.com/nigerian-immigration-generated-%E2%82%A635-7-billion-in-2017/

⁵CBN (2018). "Consumer Expectations Survey Report". Retrieved from, https://www.cbn.gov.ng/Out/2018/SD/2018Q1%20CES%20Report_Final.pdf

⁶Reuters (2018). "Oil recovers after sliding on Trump tweet criticizing OPEC". Accessed April 24, 2018. https://www.reuters.com/article/us-global-oil/oil-recovers-after-sliding-on-trump-tweet-criticizing-opec-idUSKBN1HR055

⁷Y-Charts (2018). "Brent Crude Oil Spot Price". Accessed April 24, 2018. https://ycharts.com/indicators/brent crude oil spot price

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⁹The Week (2018). "Oil hits new peak as supply fears grow". Accessed April 24, 2018. http://www.theweek.co.uk/am/friday-20-april-2018