

Nigeria Economic Chart Pack 2016H1



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ABBREVIATIONS

AGO	Automotive Gas and Oil (Diesel)
ASI	All Share Index
CBN	Central Bank of Nigeria
CPI	Consumer Price Index
CRR	Cash Reserve Ratio
FAAC	Federal Account Allocation Committee
FDI	Foreign Direct Investment
Forex	Foreign exchange
FPI	Foreign Portfolio Investment
GDP	Gross Domestic Product
IGR	Internally Generated Revenue
MBPD	Million Barrel Per Day
MPR	Monetary Policy Rate
NBS	National Bureau of Statistics
NHK	National Household Kerosene
NSE	Nigerian Stock Exchange
PMI	Purchasing Managers' Index
Q1	Quarter One
Q2	Quarter Two
Q3	Quarter Three
Q4	Quarter Four
VAT	Value Added Tax
Y/Y	Year-on-Year

PREFACE

The Nigeria Economic Chart Pack is a flagship report of the Information and Data Management (IDM) Unit of Centre for the Study of the Economies of Africa (CSEA) to be released every half-year. It provides an array of charts on key economic and financial indicators of the Nigerian economy. The report is essentially a graphical display of relevant and periodic data to capture trends in the domestic economy dating as far as possible up to the most recent half-year. The selection of the start dates for the plots within year 2000 is largely dependent on data availability.

The aim of the report is to illustrate the changes in economic trends with the aid of descriptive charts. In addition, a short note that describes the trend and its drivers is provided for the graphs. The data cuts across monetary, fiscal and sectoral indices obtained mainly from the various publications and dataset of the Central Bank of Nigeria (CBN), National Bureau of Statistics (NBS) and Federal Inland Revenue Service (FIRS).

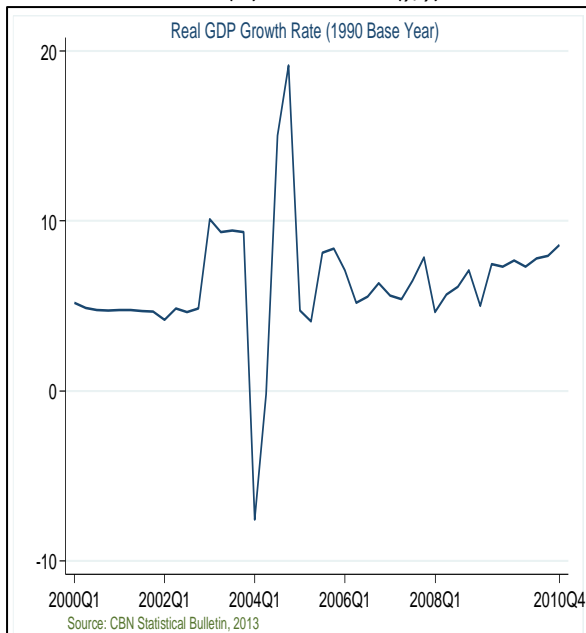
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Aggregate Output

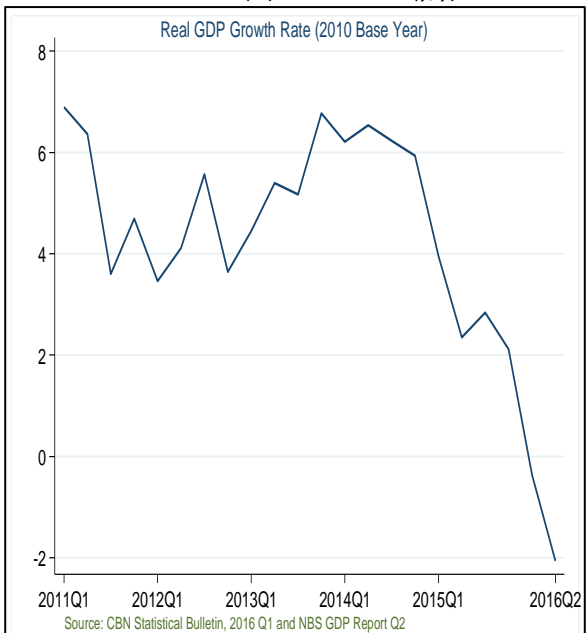
Last recession in 2004Q1, recovery in 2004Q3

Real GDP Growth Rate (%) at 1990 Base (y/y)



Current recession in 2016Q2, recovery?

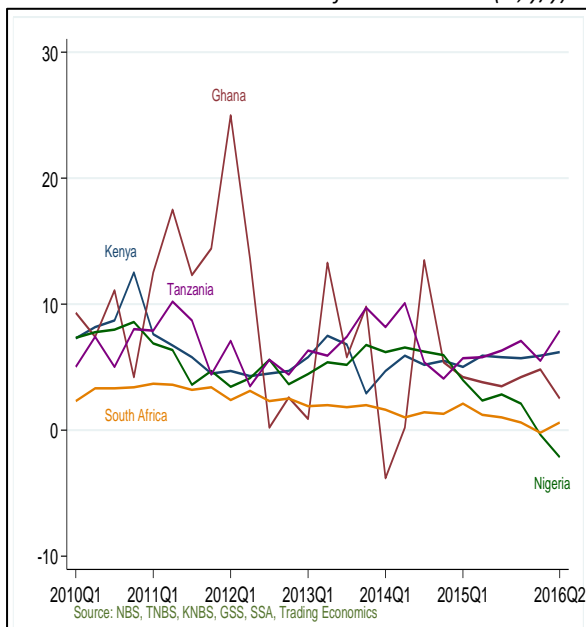
Real GDP Growth Rate (%) at 2010 Base (y/y)



Real GDP Growth Rate: On average, Nigeria's GDP growth rate has averaged about 5 percent; attaining an unusual trough of nearly -10 percent in 2003Q4 and a peak of nearly 20 percent in 2004Q4. However, the Nigerian economy recently slipped into a recession – recording a negative GDP growth rate of -0.36 in 2016Q1 and -2.06 in 2016Q2. This is attributable to prolonged low crude oil price and production shortages and the attendant foreign exchange (FOREX) scarcity.

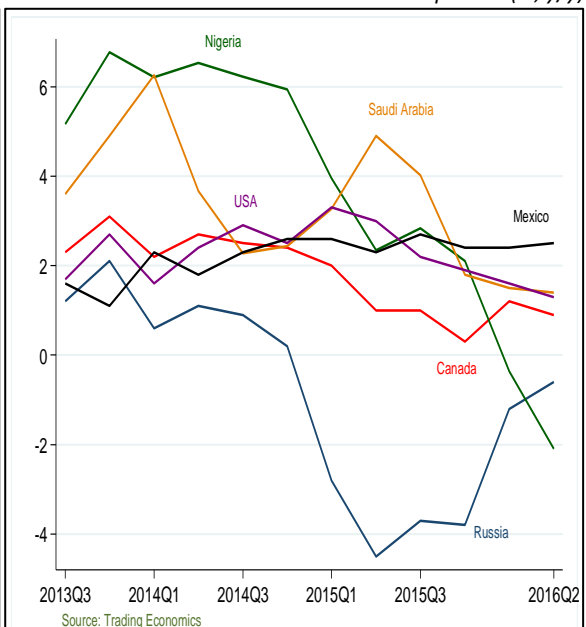
Nigeria highly vulnerable to commodity price shocks

Real GDP Growth Rate: Selected African Countries (% , y/y)



How are net oil exporters faring?

Real GDP Growth Rate: Selected Net-Oil exporters (% , y/y)

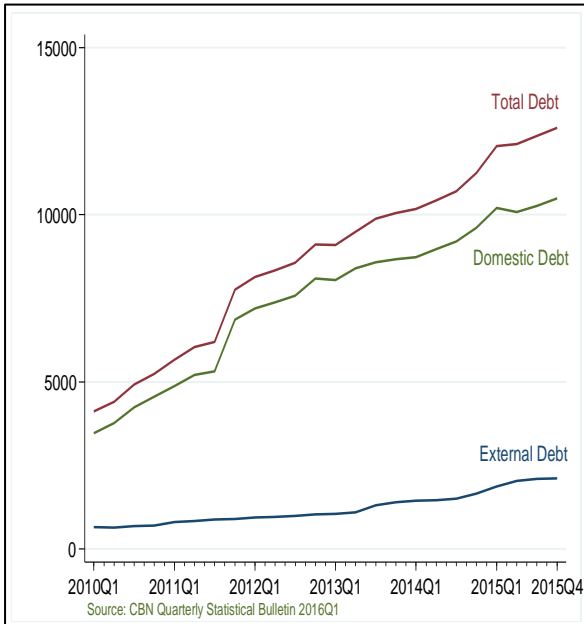


Real GDP Growth Rate- Nigeria and selected African Economies: While GDP growth in selected African economies have generally declined at different magnitudes with the slump in commodity prices, other economies have managed to stay out of recession with the exception of Nigeria. This is attributable, amongst other factors, to better diversification of revenue base in these economies, thus buttressing the impact commodity price shock.

Real GDP Growth Rate- Nigeria and selected Net-oil Exporting Economies: Net-oil exporting economies have been adversely affected by the slump in oil price, with Russia and Nigeria being severely impaired. However, while Russia appear to be on the road to recovery in 2016, the Nigerian economy has sharply decelerated in the period.

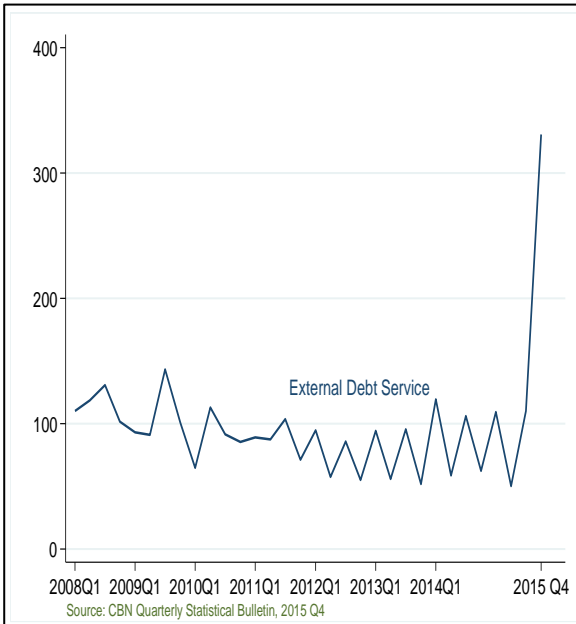
An upward-trending public debt profile

Public Debt Stock (Billion ₦)



Spike in external debt servicing

External Debt Service (US\$ Million)



Public Debt Stock and Debt Servicing: Public debt stock has steadily increased overtime; reaching over N12, 000 billion naira by 2015Q4. With the persistent fall in crude oil price and the attendant depreciation in the value of the naira, public debt servicing more than doubled, from about US\$100 million to above US\$300 million in 2015Q4.

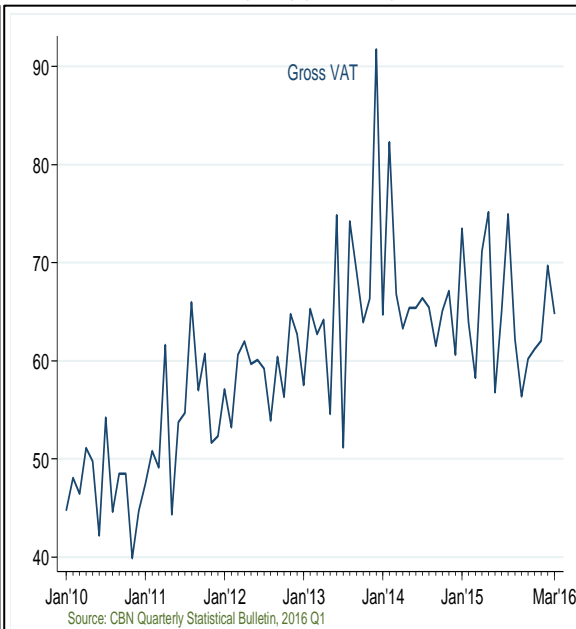
Declining tax revenue, post-2012

Tax Collected (Billion ₦)



Unstable tax (VAT) collection

Gross Value Added Tax (VAT) (Billion ₦)

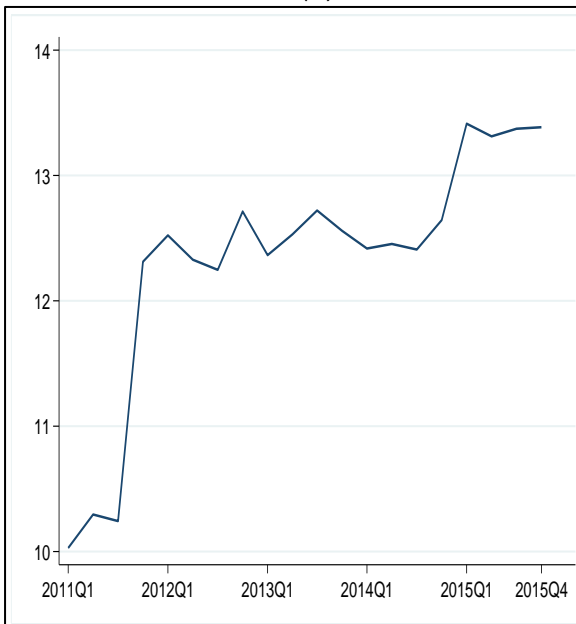


Tax Collected: Tax revenue which has relatively maintained an upward trend, fell considerably in 2015 and dipped significantly in early 2016 on the account of economic downturn, as many businesses severely underperformed or shut down operations in the period.

Gross Value Added Tax: Gross Value Added Tax (gross VAT) has maintained fluctuant tempo; reaching a trough at below N40 billion in 2010Q4 and peak of above 90 billion dollars in 2013Q4. In recent times, gross VAT has fallen below N50 billion on the account of falling consumer demand following present macroeconomic challenges.

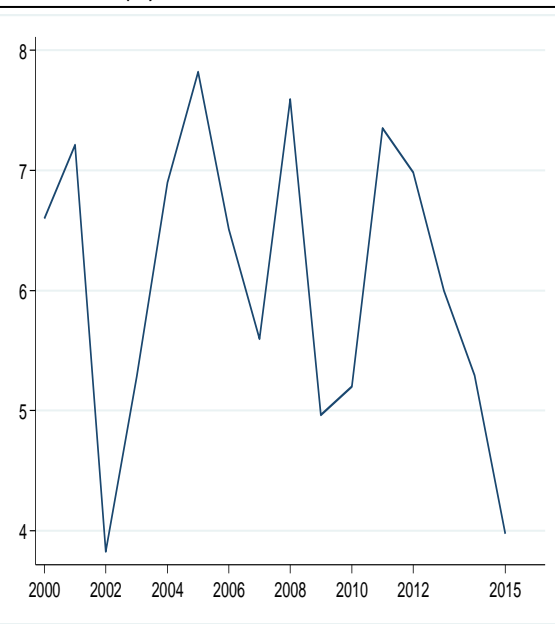
Waning ability to repay external debt

Total Public Debt to GDP Ratio (%)



Low commitment to steady tax collection

Tax-to-GDP (%)

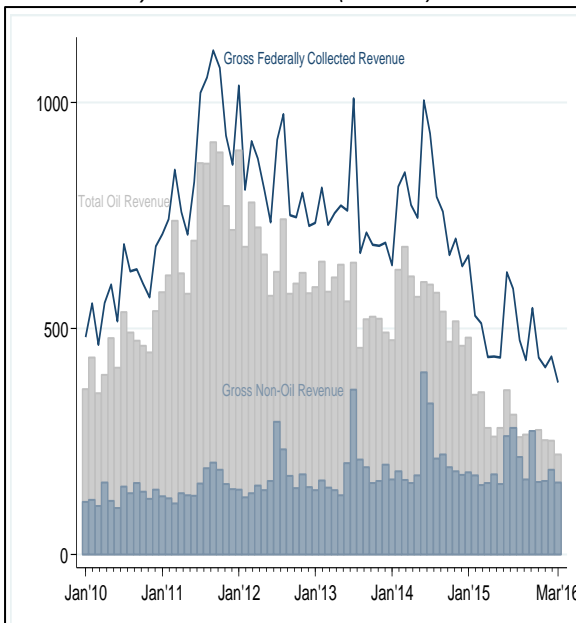


Public Debt-to-GDP Ratio: The ratio of Nigeria's cumulative government debt to national GDP has maintained an upward trend indicating the country's declining economic productivity and ability to repay its external debt.

Tax-to-GDP Ratio: The ratio of tax collected compared to national GDP has fluctuated heavily, partly indicating the lack of commitment to steady tax collection by successive governments.

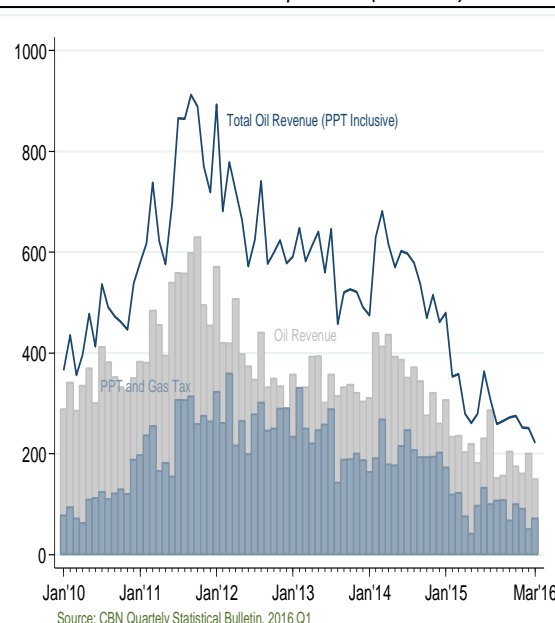
Falling government revenue

Gross Federally Collected Revenue (Billion ₦)



Declining oil revenue

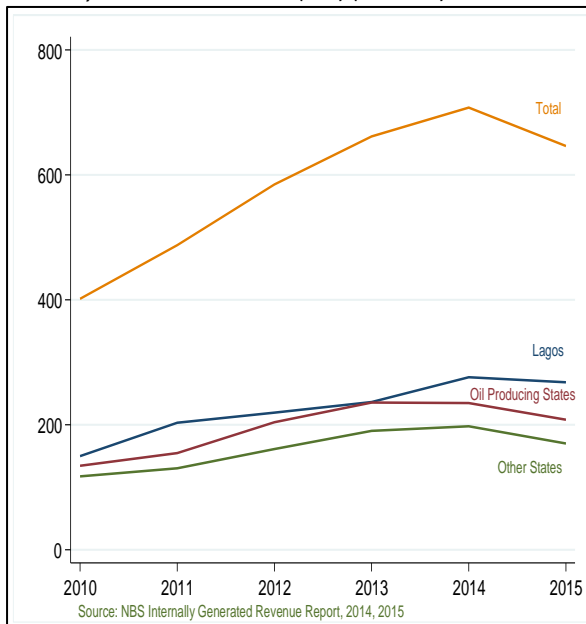
Total Oil Revenue and its Components (Billion ₦)



Gross Federally Collected Revenue: Both oil and non-oil components of gross federal revenue fell below N40 billion in 2016, after recording a peak of N90 billion in 2013. The decline was most prominent in oil revenue sources due to low oil price and production shortages. On the other hand, non-oil revenue has attained an increasing one-year peak in second half of every year since 2011; reaching nearly to N400 billion by 2014. However, non-oil revenue declined to a trough of less than N200 billion in the latter end of 2015H1 and 2016Q1 due to present challenges in the business environment.

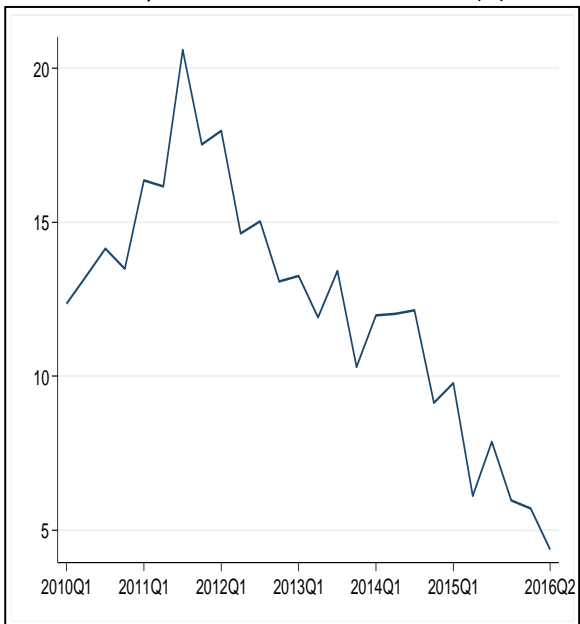
Falling IGR post-2013

Internally Generated Revenue (IGR) (Billion ₦)



Declining Federal Government Revenue

Gross Federally Collected Revenue to GDP Ratio (%)

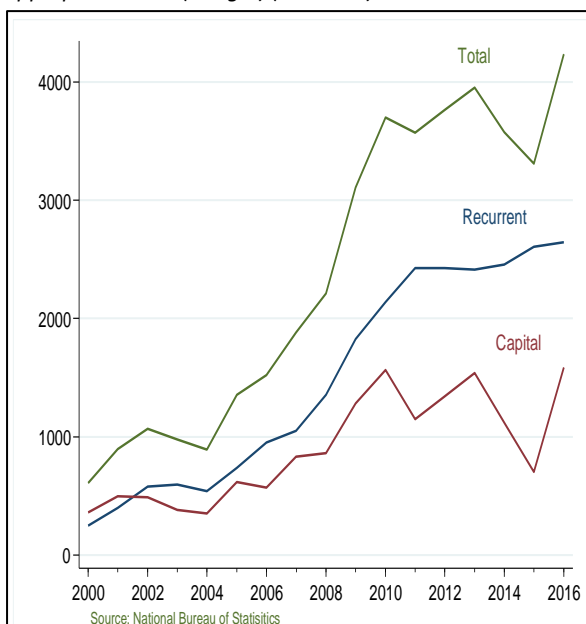


Internally Generated Revenue: Total internally generated revenue particularly declined across the 36 states in Nigeria, in 2015. This is attributable to the weak macroeconomic and financial conditions affecting business performances.

Gross Federally Collected Revenue to GDP Ratio: This has generally declined overtime on the account of declining crude oil revenues (from oil export and petroleum profit tax) and, to a lesser extent, non-oil revenues (from taxes and Custom and Excise duties).

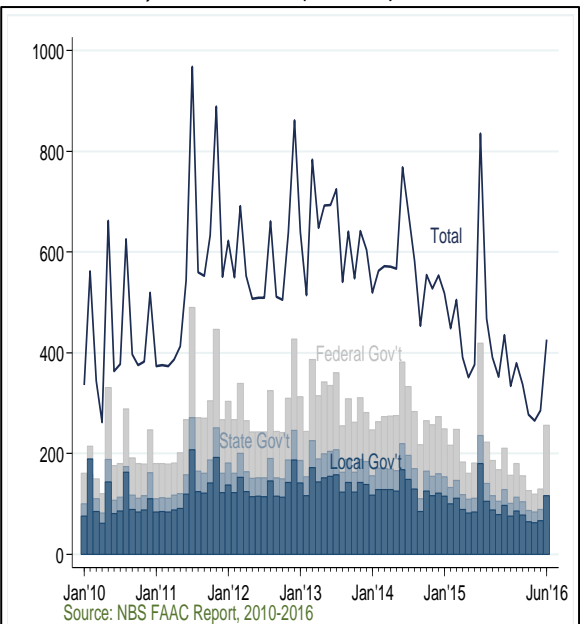
The Budget: Recovery in capital expenditure

Appropriation Act (Budget) (Trillion ₦)



Falling fund disbursement to the 3-tiers

FAAC Monthly Disbursement (Billion ₦)



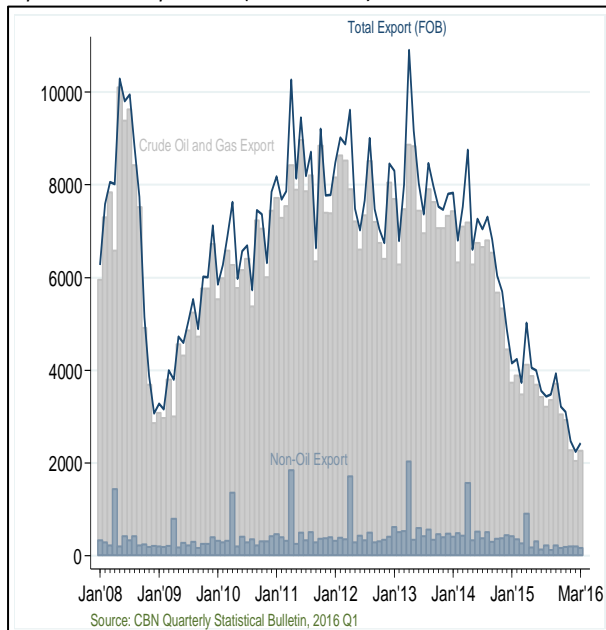
Appropriation Act (Budget): Capital expenditure remarkably increased in 2016 relative to preceding year, on the account of the present government's renewed commitment to infrastructure development.

FAAC Monthly Disbursement: FAAC monthly disbursement across all tiers of government fell in 2016 on the account of falling government revenues owing to low oil price and vandalism of oil pipelines.

External Sector

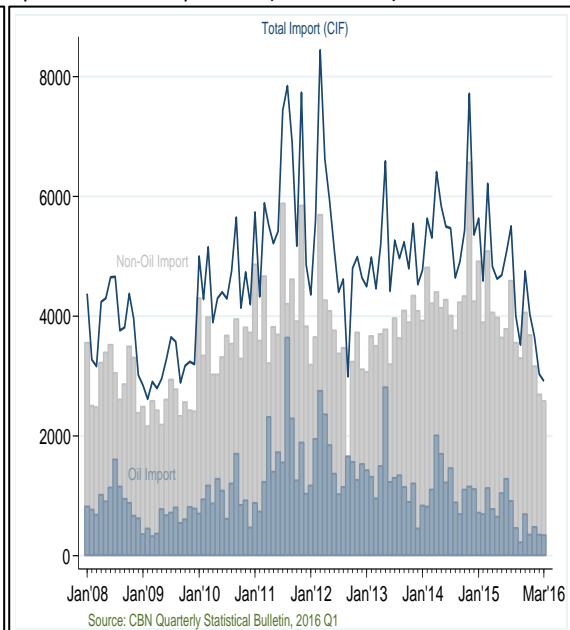
Sharp drop in export, post-2014Q3

Export and Components (US\$' Million)



Considerable drop in imports, 2016

Import and its Components (US\$' Million)

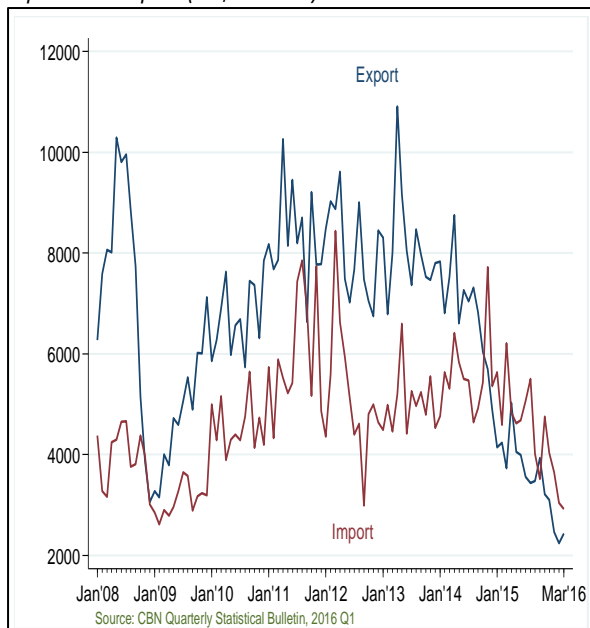


Export and its Components: In 2015 and 2016Q1, overall export earnings declined significantly to a record low of less than \$3000 million in 2016Q1, as against the peak of above \$10,000 million in 2008 and 2013. This is largely on the account of falling crude oil price, production and export.

Import and its Components: Overall import declined considerably in 2015 and 2016Q1, due to the scarcity of FOREX and depreciation of the naira which made imports highly expensive.

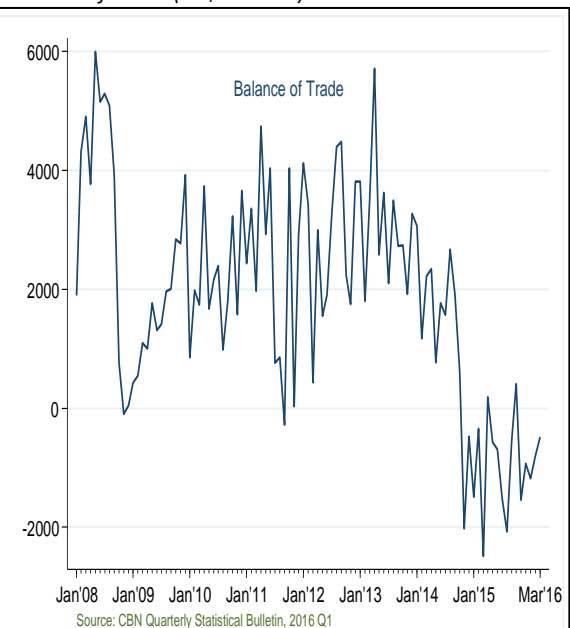
Buying and selling less, post-2014

Export and Import (US\$' Million)



The preponderance of trade deficits, post-2014Q2

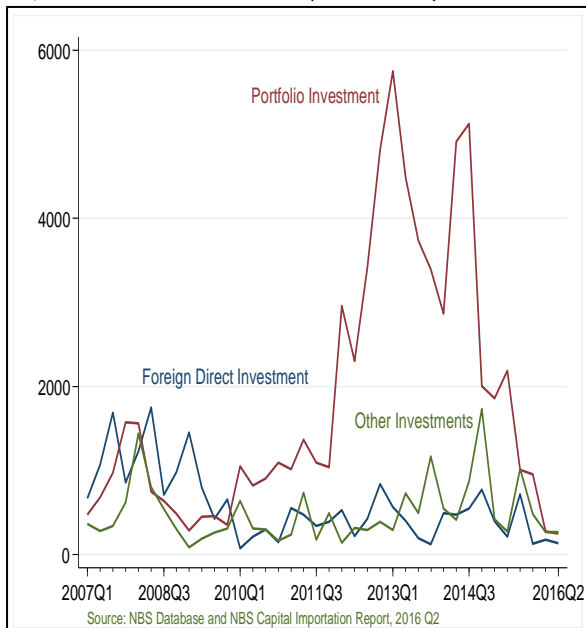
Balance of Trade (US\$' Million)



Balance of Trade (Export and Import): With export and, to lesser extent, import declining balance of trade fell deeply in 2015 and, to lesser extent, in 2016Q1.

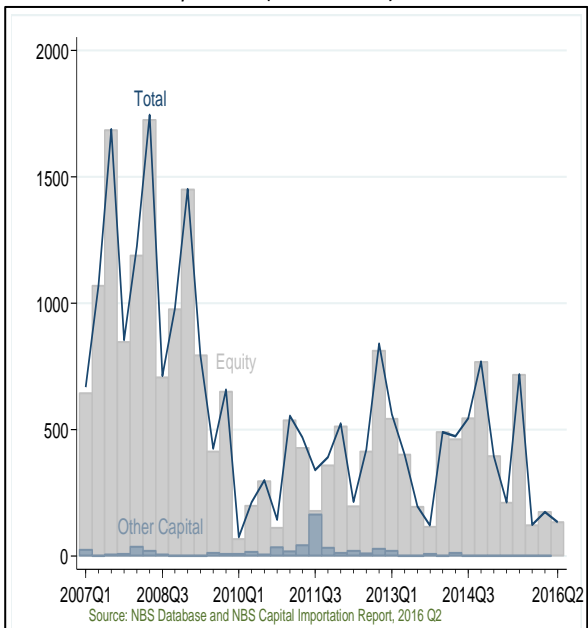
The exodus of investors

FDI, FPI and Other Investments (US\$' Million)



Low FDI inflows post-2009

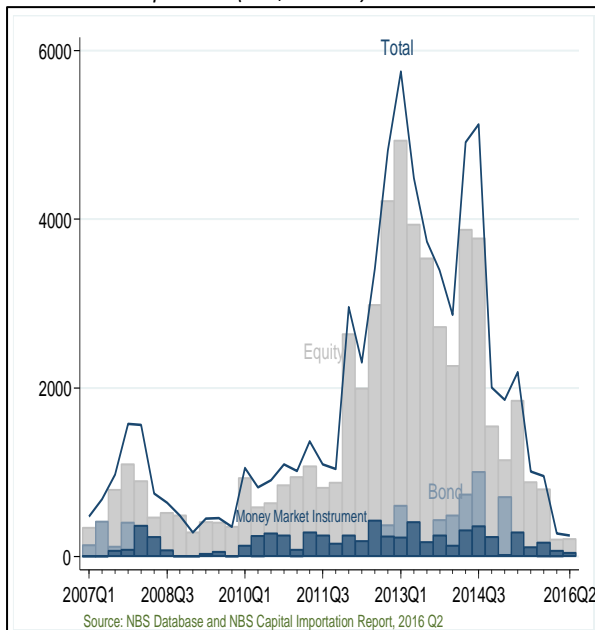
FDI and its Components (US\$' Million)



FDI, FPI and other Investments: Portfolio investment has continued to fall rapidly since 2014, while FDI inflows remain subdued since 2010.

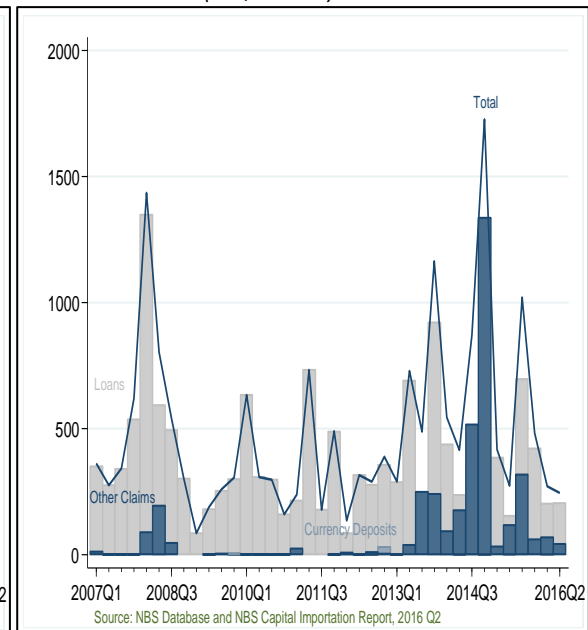
Equity-based investment dropping rapidly

FDI and its Components (US \$ Million)



Loans and currency deposit declining lately

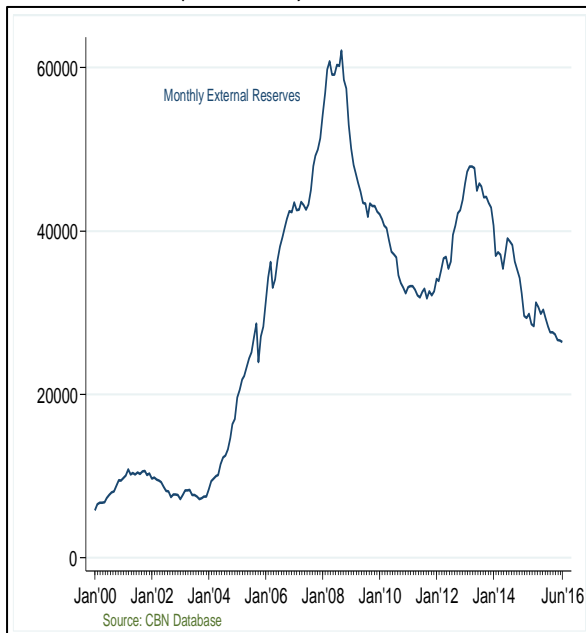
Other Investments (US \$ Million)



FDI, FPI and other Investments: The unusual fall in overall capital importation, especially in equity investment, in the late 2015 and early 2016 is attributable to the tougher macroeconomic and financial conditions occasioned by lower oil price, and changes in external factors such as the anticipated hike in US interest rate and the delisting from JPMorgan EM Bond index.

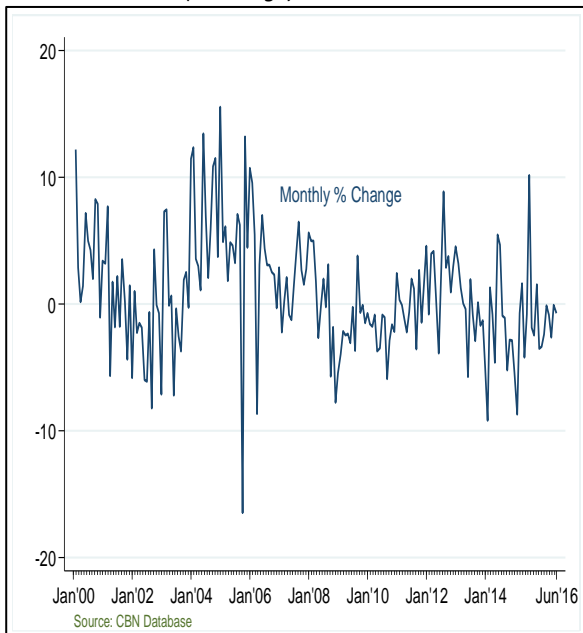
Depleting forex reserves

External Reserves (US\$ Million)



Less volatile forex reserve, post-2007

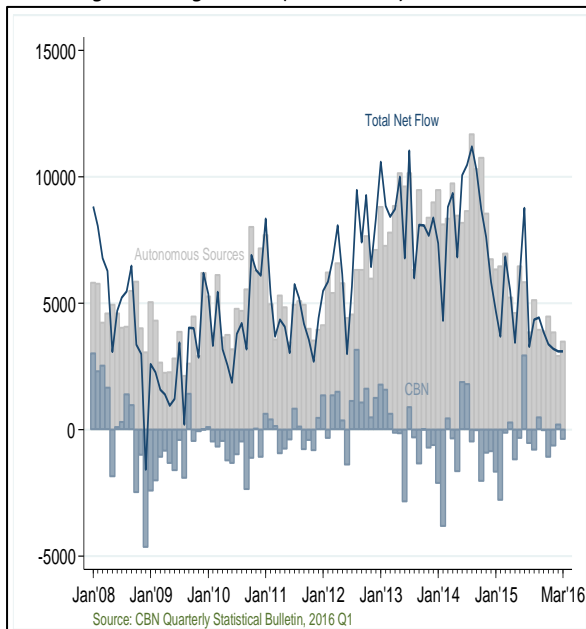
External Reserves (% Change)



External Reserve: External reserve picked up from its year-2000 level below \$10,000 million to above \$60,000 million in 2008. However, the external reserve fell deeply in 2010/11 and even further in 2016. The recent depletion of external reserve can be attributed largely to the low oil price and export given the efforts of the CBN to support the naira.

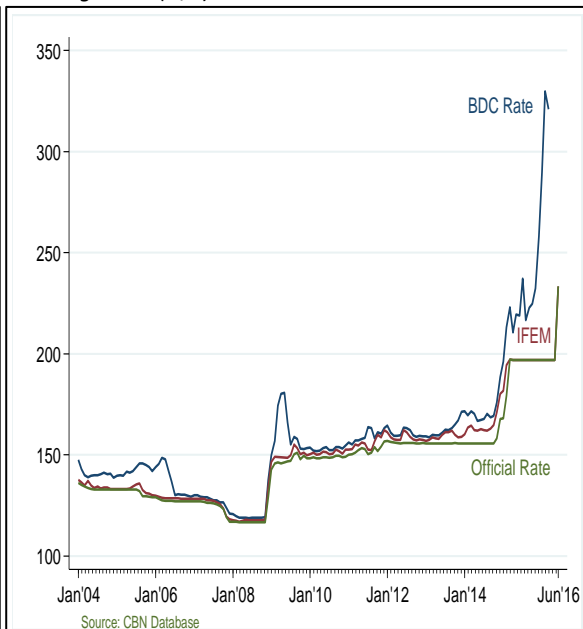
Declining forex flows, post-2014

Net Foreign Exchange Flows (US\$ Million)



Dramatic rise in exchange rate, post-2014

Exchange Rate (₦/\$)

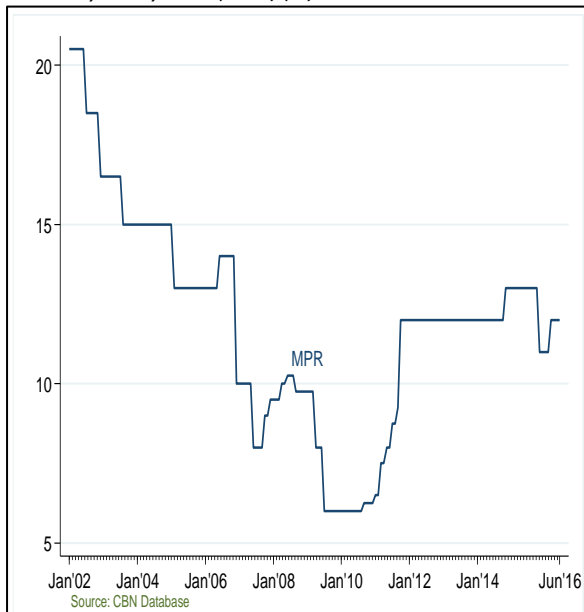


Net Foreign Exchange Flows through the Nigerian Economy: The recent fall in foreign exchange earnings reflects the decline in both oil sector receipts from CBN, and non-oil sector inflows from autonomous sources.

Exchange Rate: The gap between official and parallel market rate (typically, BDC) widened abnormally in 2016Q1. This is attributed to the fall in oil price driving down foreign reserve. Exchange rate worsened in 2016Q2 with the introduction of flexible exchange rate policy in June.

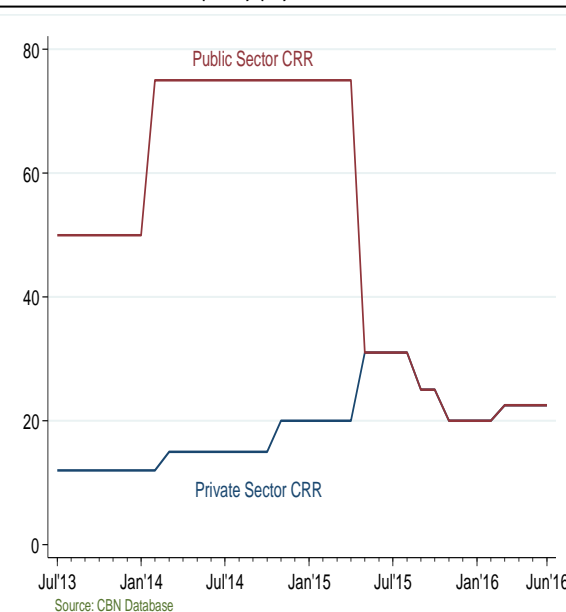
Pushing up interest rate, post-2011

Monetary Policy Rate (MPR) (%)



Public and private sector CRR unified in 2015

Cash Reserve Ratio (CRR) (%)

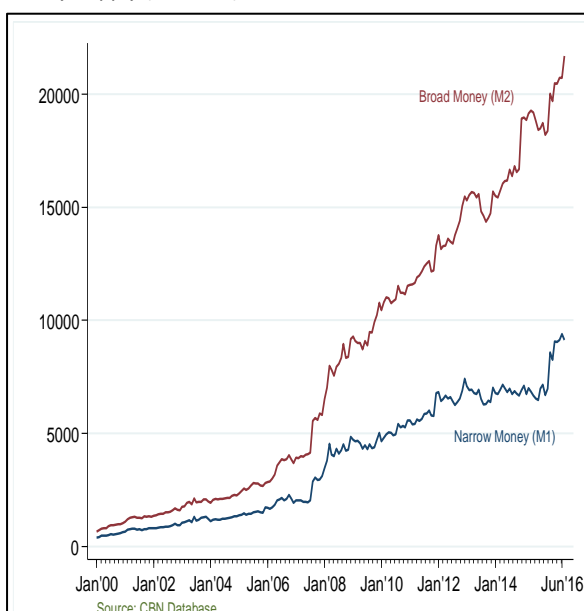


Monetary Policy Rate: The fluctuations in MPR reflect CBN's intermittent effort to promote growth, stymie inflation or incentivize capital flows. Particularly, the rise in MPR in 2016Q1 was effort to rein on double digit inflation and compensate investors for attendant losses in investments, at the time.

Cash Reserve Ratio: Public sector and private sector CRR was unified in March 2015 in response to unwholesome practices amongst banks which had adverse consequences for prudential management, liquidity and credit to the private sector. The unified CRR was raised at the end of 2016Q1, in an effort to tighten liquidity in the banking system and rein on inflation.

Rising money supply

Money Supply (Billion ₦)



Expensive loans

Lending Rate (%)

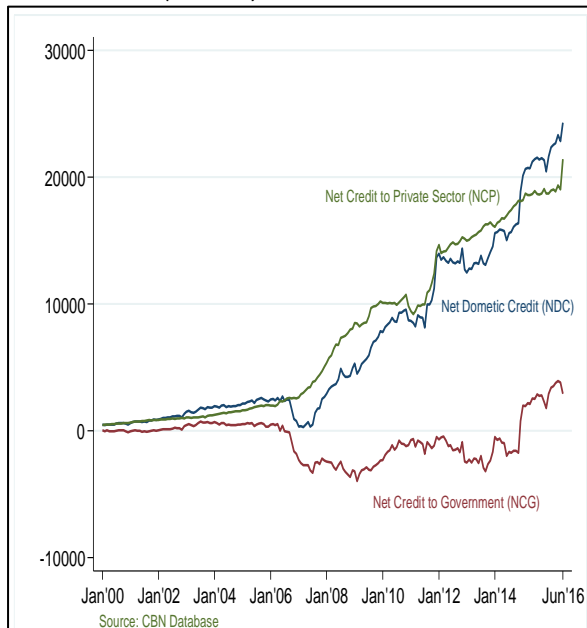


Money Supply: On a month-on-month basis, growth in M2 have accelerated overtime; reaching over N20,000 billion by April 2016. The rise in M2 at the end of 2016Q1 reflects the fast-paced rise in aggregate domestic credit and other assets relative to pre-2008 period. Similarly, M1 grew sharply at the end of 2016Q1 due to the increase in its demand deposits and currency outside banks components.

Lending Rate: Lending rates co-moves with changes in liquidity and money supply. The gap between maximum and prime lending rates began to widen in 2010; reflecting higher liquidity in the banking system. Both the maximum and prime lending rate trended downwards in 2016Q1 on the account of liquidity ejection in the banking system, at the time.

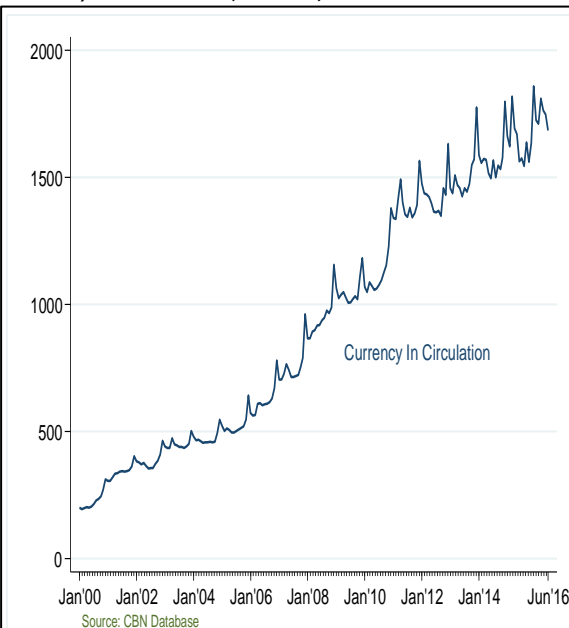
Steadily rising domestic credit

Domestic Credit (Billion ₦)



Steadily rising money in circulation

Currency in Circulation (Billion ₦)

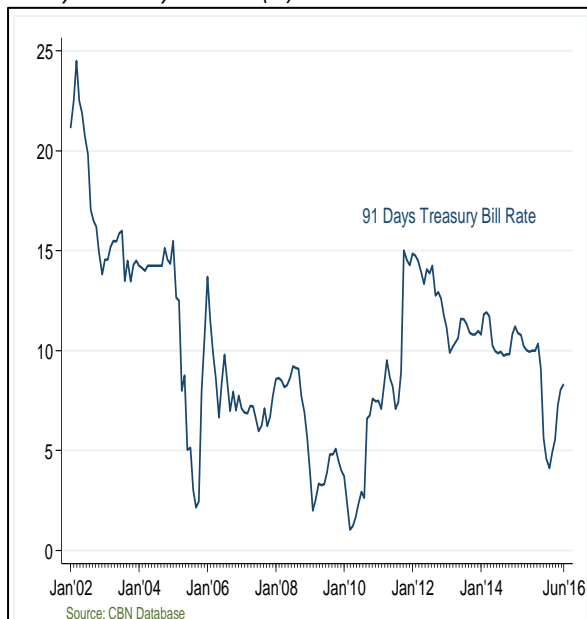


Net Domestic Credit: Rising net credit to government and private sector have driven the upward trend in NDC, especially post-2008. In 2016Q1, NDC grew largely on the account of the rise in banking sector credit to the Federal Government, especially through treasury bills and government bonds.

Currency in Circulation (CIC): CIC has mildly fluctuated overtime due to changes in seasonal factors and regular monetary injections/ejection into/out of the economy which leads to changes in CIC vault-cash and currency-outside-banks components. Particularly, the decline in CIC at the end of 2016Q1 is attributed to the decline in the vault cash component of CIC following monetary ejections.

T-bill rate rise in 2016Q2

91 Days Treasury Bill Rate (%)



T-bill mirroring official interest rate

MPR and Treasury Bill Rate (%)

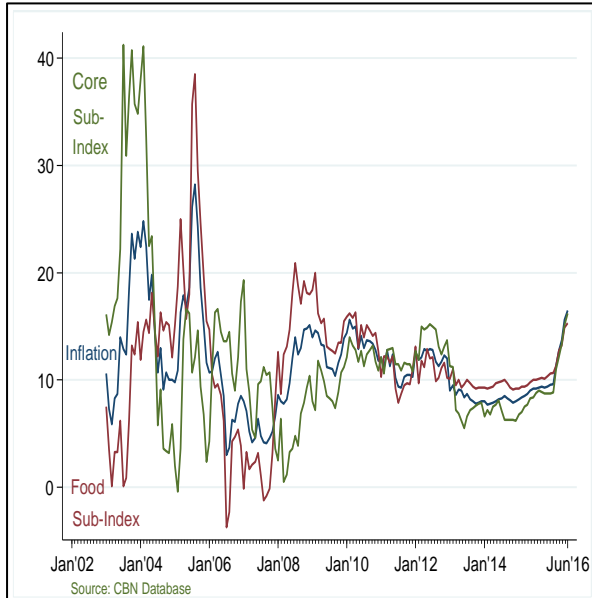


91-Day Treasury Bills: T-bill rate has highly fluctuated overtime on the account of the rise and fall in investor confidence, monetary policy easing/tightening, government's demand for funds, and inflation (to a lesser extent). Particularly, T-bill rate increased at the end of 2016Q1 and 2016Q2, largely, on the account of the rise in MPR.

Prices

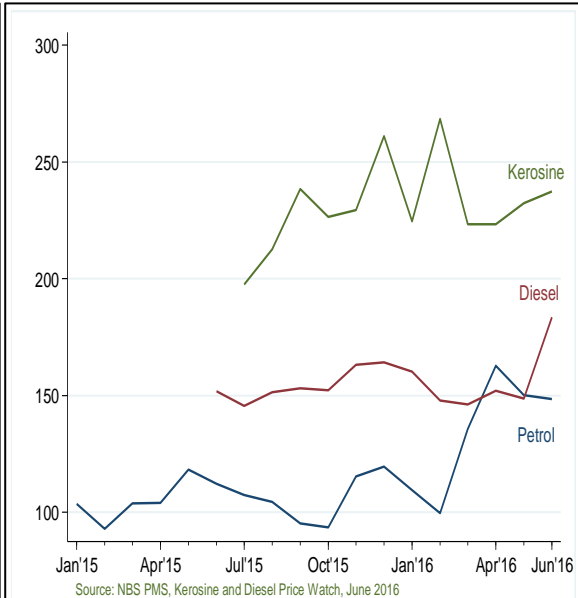
It's all getting expensive

CPI and its Components (%)



Rising domestic fuel price

PMS, AGO and NHK Price (₦/Litre)



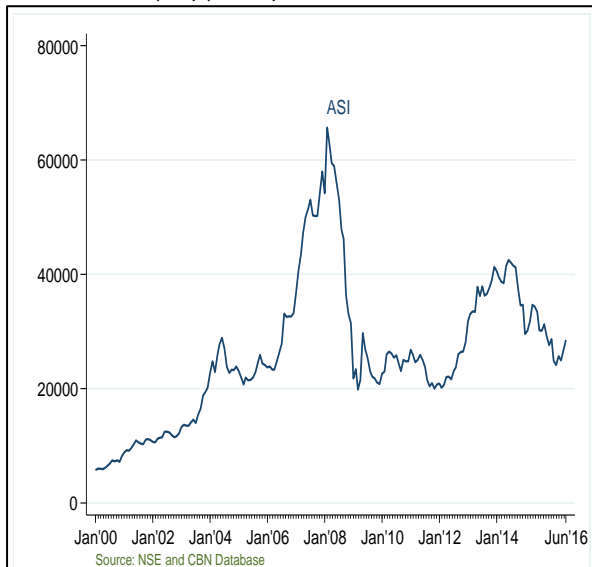
CPI and its Component: Changes in inflation rate has mostly been driven by the Core sub-index component. Precisely, in 2016 Q1 and Q2, the rising cost of import, electricity and transport drove inflation back to double digits after nearly two years of relatively low inflation.

Premium Motor Spirit: PMS price has been below N120 up until April 2016. The unusual rise in PMS in April 2016 is attributable to the recent removal of fuel subsidy and the upward adjustment of fuel pump price (from N85.5 to N145) witnessed in 2016Q2.

Stock Market

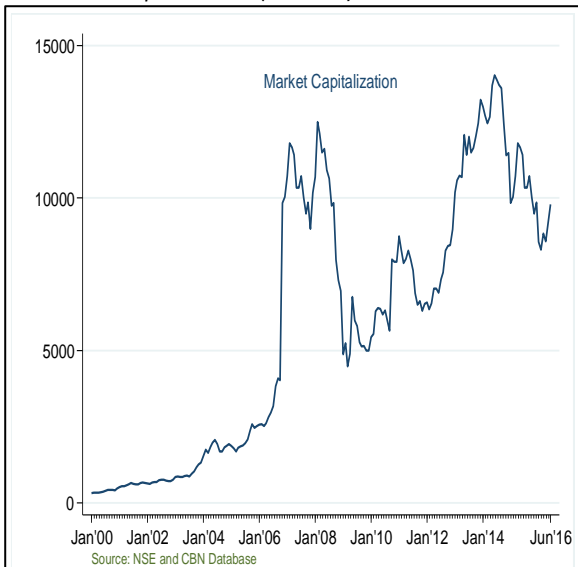
Stock market underperform post-2014

All-Share Index (ASI) (Points)



Declining investor confidence

Market Capitalization (Billion ₦)



All-Share Index: In 2016Q1, the decline in ASI was driven by declines in Banking, Insurance, Consumer goods, Oil/Gas, Lotus Islamic, Industrial, AseM, Pension and Premium NSE indices. However, the ASI increased in 2016Q2 on the account of the rise in all sectoral indices which rose above the levels in the preceding quarter, with the exception of the NSE Oil and Gas index.

Market Capitalization: Market capitalization for all listed securities (equities and bonds) has generally maintained an upward trajectory except during the period surrounding 2009 financial crisis, and post-2015. The poor performance, post-2015, was largely driven by unfavourable macroeconomic developments, currency risk, recovery in developed economies, and the effects of quantitative easing by the US Federal reserve. Particularly in 2016Q1, the weak performance was driven by unfavourable economy policies, low oil price and the attendant impact on FOREX, and delay in the signing of budget.

Crude Oil

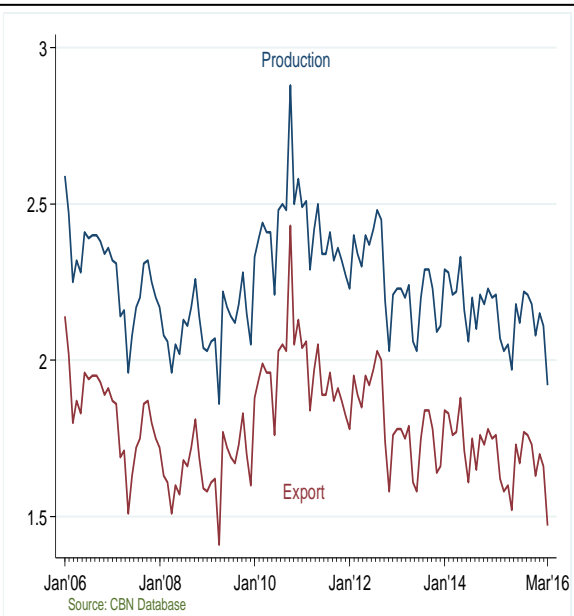
Volatile: reviving crude oil price, 2016Q2

Crude Oil Price (US\$/Barrel)



Volatile: declining crude oil production, 2016Q2

Crude Oil Export and Production (MBPD)

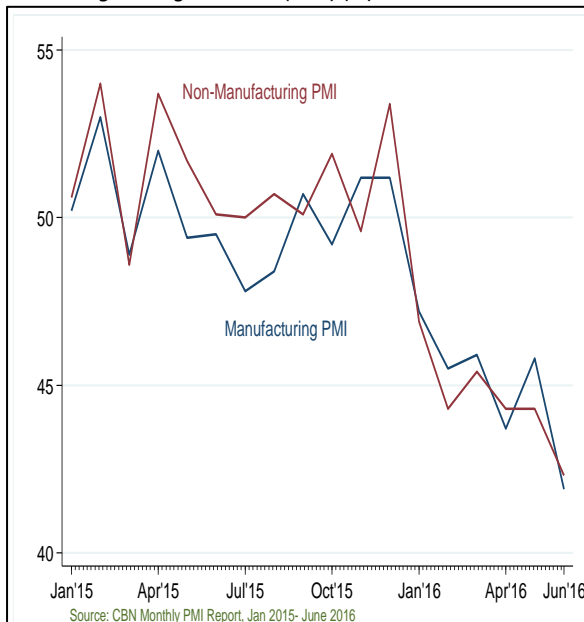


Crude Oil Price: Crude oil price attained a historical low of \$30.7 in January 2016 largely due to excess global oil supply.
Crude Oil Production and Export: Oil production has continued to fall in recent times on the account of sabotage on oil facilities, while crude oil export has also maintained a downward trend on the account of falling demand particularly from Asia.

Business

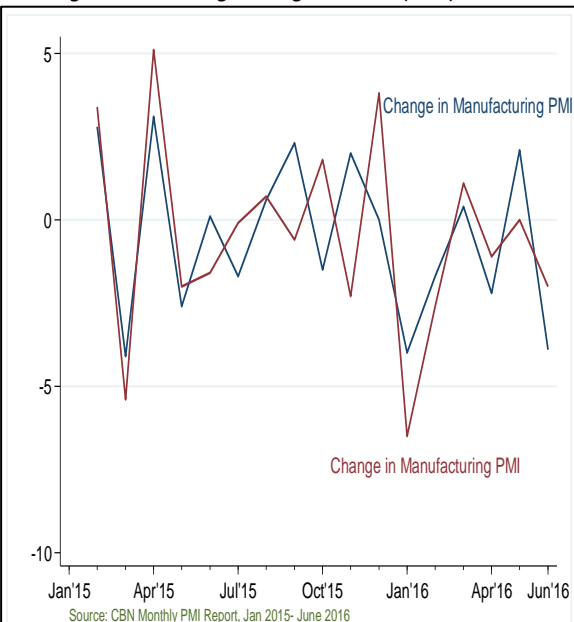
Growing pessimism

Purchasing Managers' Index (PMI) (%)



Hard Times

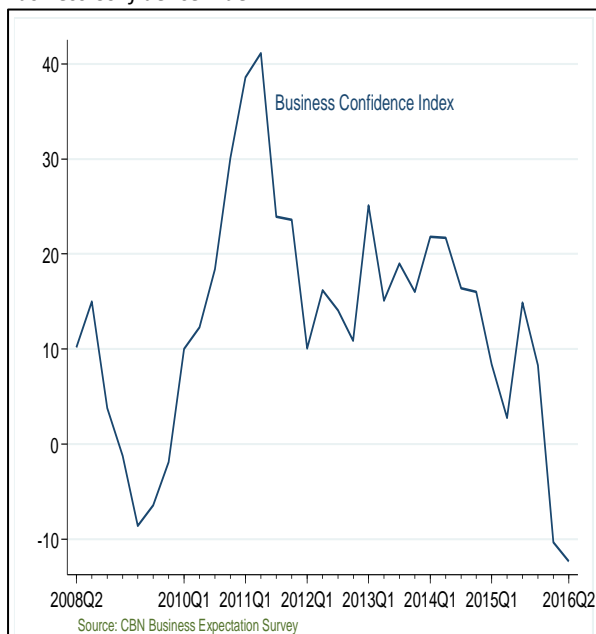
Change in Purchasing Managers' Index (PMI)



Purchasing Manager's Index: The level of business activities declined sharply in the first half of 2016 on the account of weak economic performance. Particularly, the issues surrounding exchange rates amongst other worsening business challenges drove down activities in both the manufacturing and non-manufacturing sector.

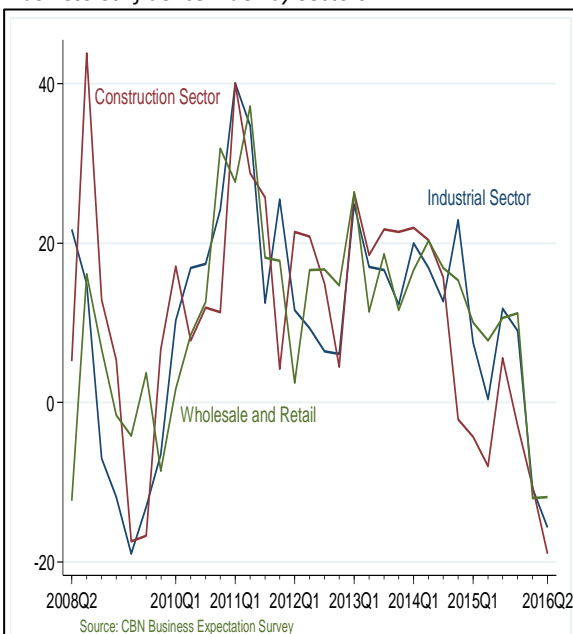
The economy looks bad, why invest?

Business Confidence Index



Business confidence drop sharply across all sectors

Business Confidence Index by Sectors



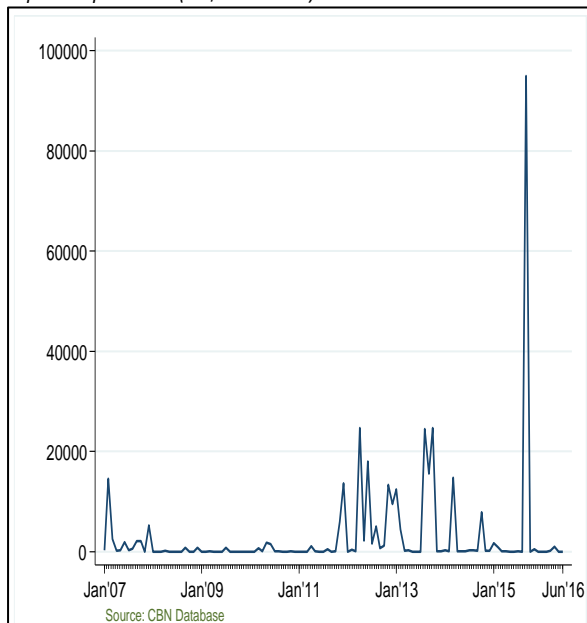
Business Confidence Index: After its peak in 2011, business confidence fell sizeably in 2012 as well as 2015Q2. Most recently, BCI has declined to a negative levels in 2016Q1 and Q2. The recent decline in business confidence is attributable to general pessimism on Nigeria’s macroeconomic outlook and its effects of the volume of total order and their internal liquidity positions.

Sectoral Analysis

Agricultural Sector

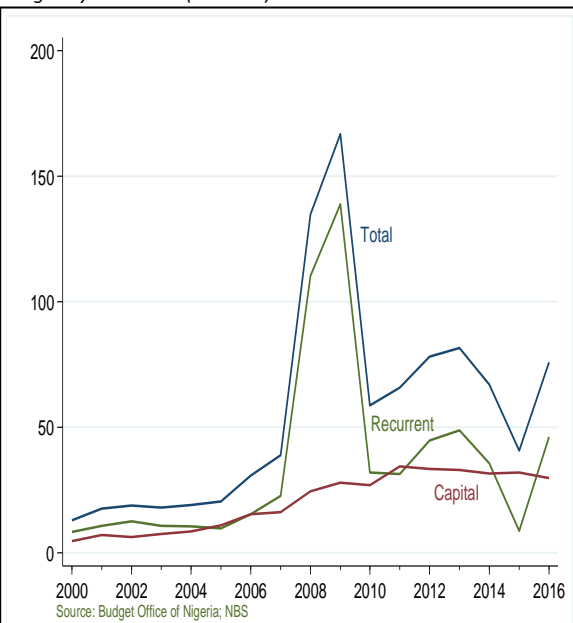
What happened in late 2015?

Capital Importation (US\$ Thousand)



Budgetary allocation for agriculture rise in 2016

Budgetary Allocation (Billion ₦)

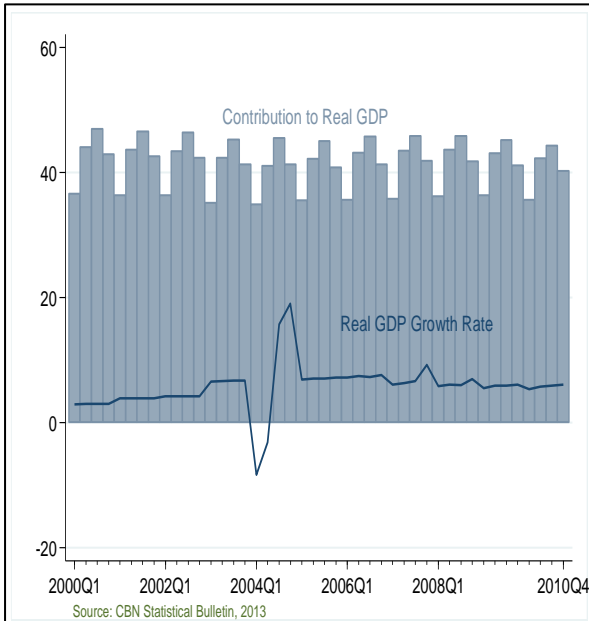


Capital Importation: Foreign investment into the agricultural sector was relatively flat between 2007 and 2012 but gained unusual momentum in September 2015. The spike in 2015 is likely driven by the rise in investor confidence in line with the new government’s strong stance on devaluation.

Budgetary Allocation: The proportion of the national budget allocated to the agricultural sector, which fell deeply in 2015, was increased in 2016, in both recurrent and capital expenditure in the sector. This is attributable to the present government’s commitment to agriculture.

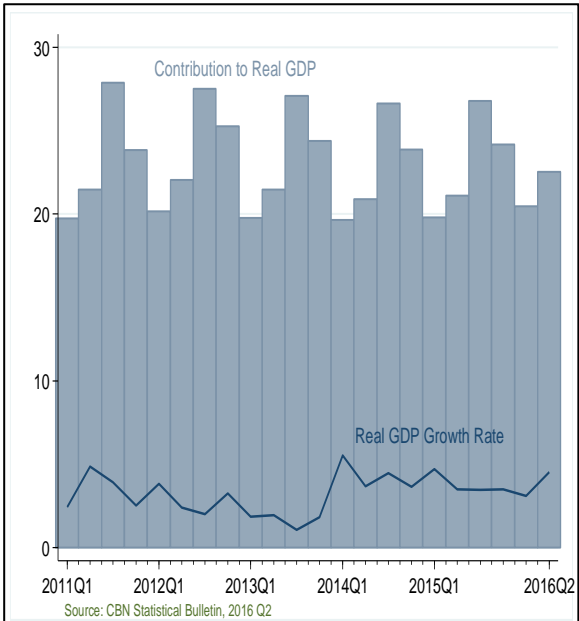
GDP growth in agric. sector relatively flat post-2004

Real GDP at 1990 Base Year



GDP growth in the agric. sector picks up in 2016Q1

Real GDP at 2010 Base Year



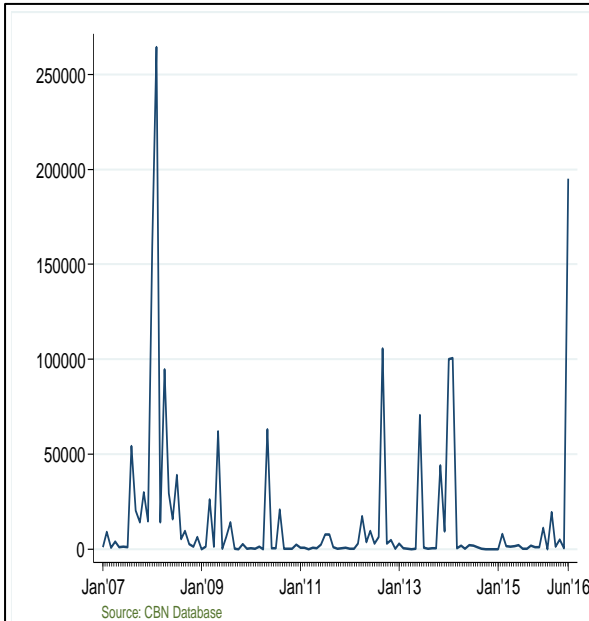
Gross Domestic Product: Agriculture Gross Domestic Product growth rate recorded its highest point in 2006Q1 but fell sharply subsequently. Particularly, the slow growth recorded in 2015 and 2016Q1 is attributable to security challenges in the North Eastern part of Nigeria and slowdown of economic activities in the country.

Contribution to GDP: The agricultural sector contributed about 40 percent to overall GDP until the rebasing of the GDP in 2012 bringing the contribution of the agricultural sector below 30 percent. While the agricultural sector remains the second contributor to GDP, its contribution to GDP fell in 2016Q1 is attributable to the seasonal nature of farming.

Oil and Gas Sector

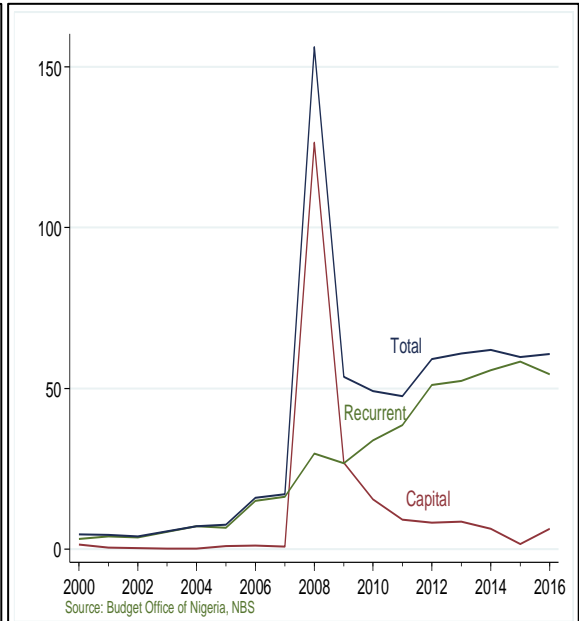
Investment rise sharply in 2016Q2

Capital Importation (US\$ Thousand)



Capital vs Recurrent expenditure, closing the gap?

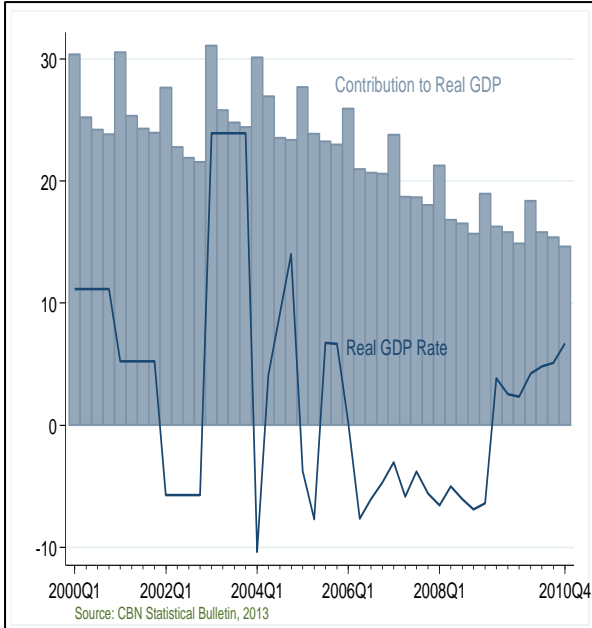
Budgetary Allocation (Billion ₦)



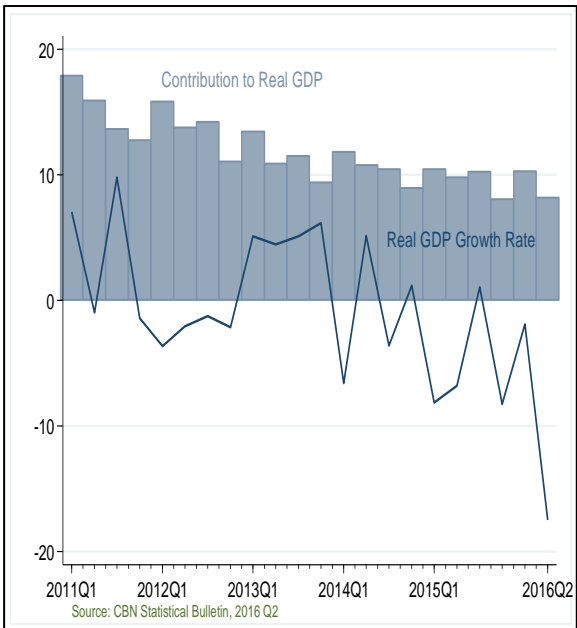
Capital Importation: Investment in the oil and gas sector has remained low since 2009. However, investments into the sector fell more deeply in 2015, on the account of persistent global and domestic challenges to the sector. However, it increased sharply in 2016Q2 on the account of increased disbursement in the sector by the CBN for the repair of damaged oil and gas pipelines.

Budgetary Allocation: Recurrent spending has continued to rise as capital spending fall (or rise marginally) in annual national budget allocation since 2009. However, considerable convergence capital and recurrent expenditure is recorded in 2016 budget, signalling government interest in improving the oil and gas sector.

Oil and gas sector GDP growth peak in 2003 Q2-Q3
Real GDP at 1990 Base Year



Oil and gas sector performing poorly, post-2013
Real GDP at 2010 Base Year

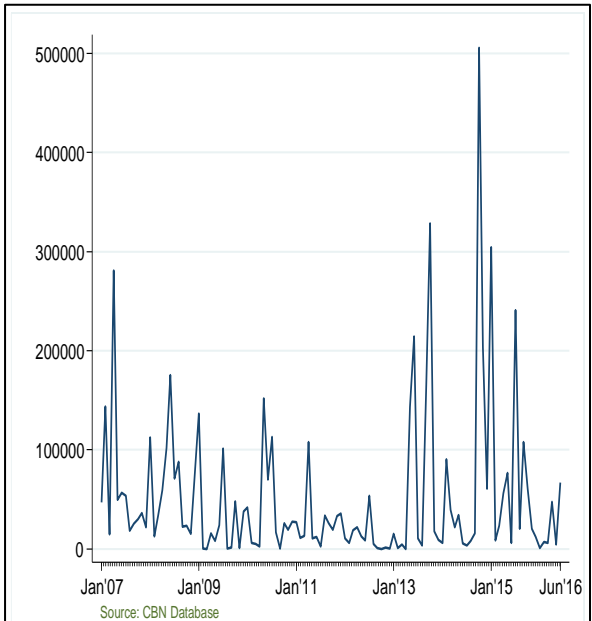


Gross Domestic Product Growth Rate: The growth performance of the Oil and Gas sector has been unsteady throughout years and declined most significantly in 2015Q4, following a positive growth recorded in 2015Q3. The poor growth performance could be attributed to the negative exogenous shocks being experienced by most oil exporters.

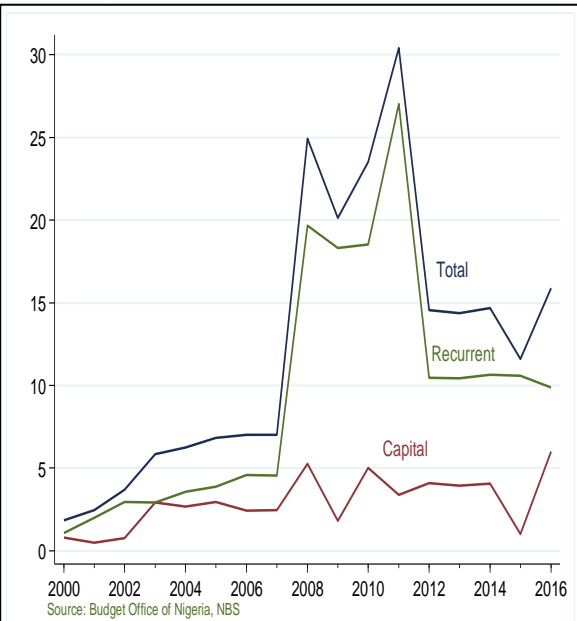
Contribution to GDP: The sector's contribution to overall GDP has steadily declined since 2004 reflecting the low level of composite value addition to the Nigerian economy.

Telecommunication, Information and Communication Sector

Investor appetite in ITC, a recovery?
Capital Importation (US\$ Thousand)



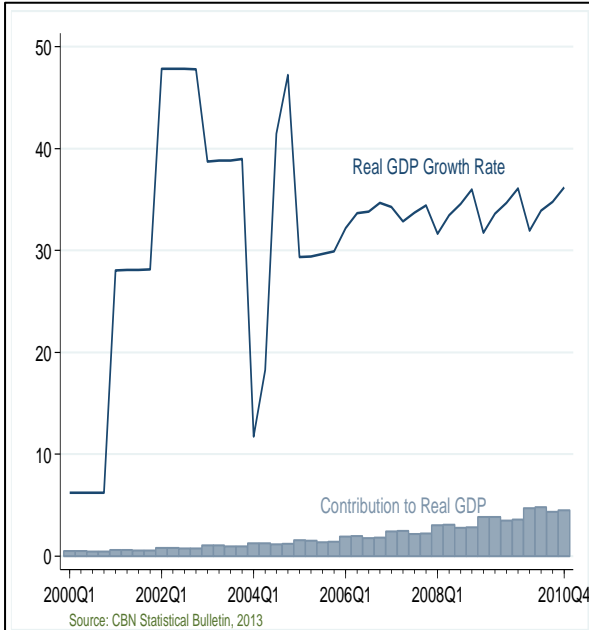
Prioritizing ITC?
Budgetary Allocation (Billion ₦)



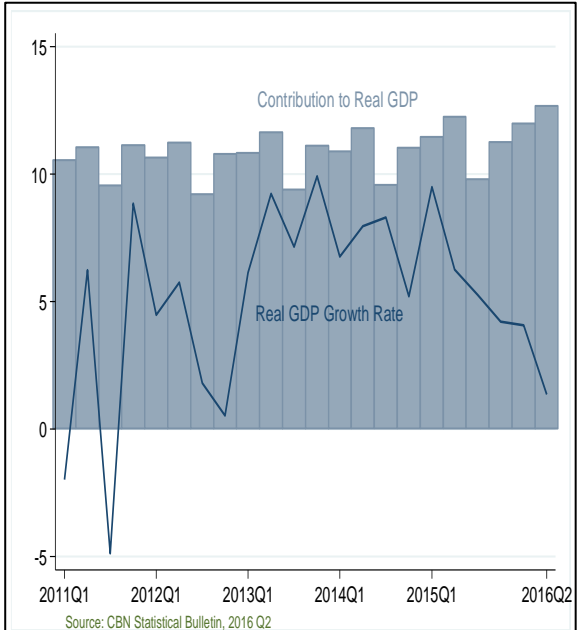
Capital Importation: Given the positive outlook on the ITC sector in the past few years, investments in the sector reached a 10-year peak in 2014. However, the foreign investment fell marginally in 2015 but show resurgence in 2016 possibly indicating investors' rising appetite in the ITC sector.

Budgetary Allocation: Budgetary allocation for the sector increased significantly in 2016, signalling government interest in boosting ITC sector performance. Capital expenditure championed budget allocations in the sector, while recurrent spending recorded a slight decline.

ITC contribution to real GDP steadily rising, 2000-2010
Real GDP at 1990 Base Year



ITC real GDP growth fall post-2014
Real GDP at 2010 Base Year

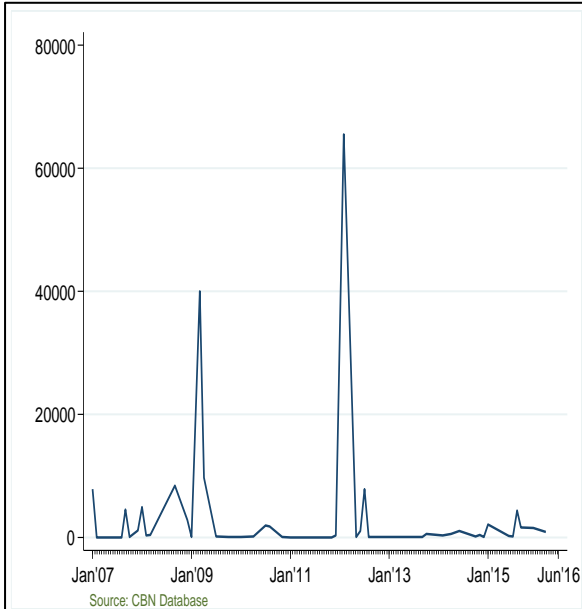


Gross Domestic Product Growth Rate: The information and communication sector has grown overtime but witnessed an unusual decline in 2011, which has remained low in 2016Q1 possibly due to declining consumer demand for related service.

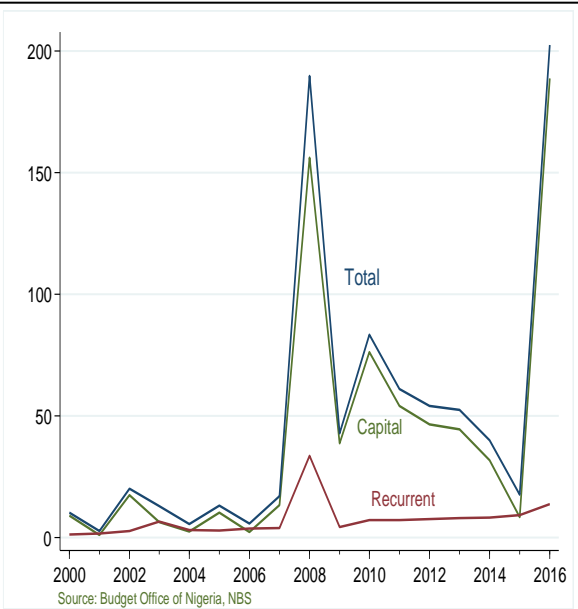
Contribution to GDP: The contribution of the sector to overall GDP growth has maintained an upward trend, reflecting that the sector is well infused into the Nigerian economy in terms of its use of local content for capacity building.

Transport Sector

Low investment
Capital Importation (US\$ Thousand)



Massive capital expenditure in Transport budgeted for 2016
Budgetary Allocation (Billion ₦)

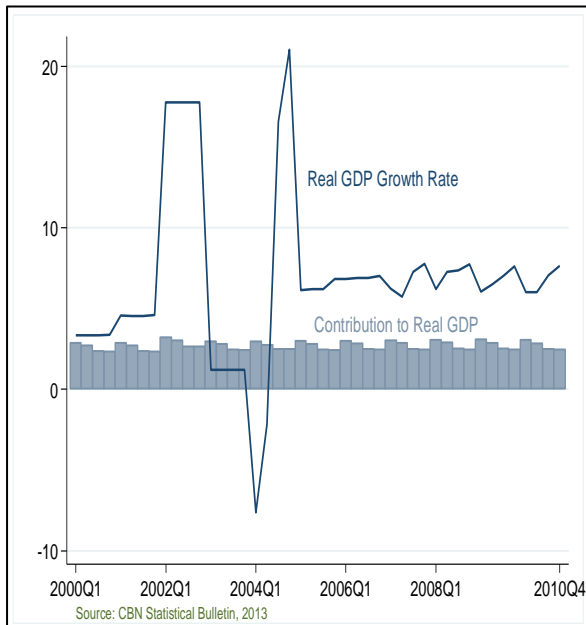


Capital Importation: Since the dramatic decline in 2013, private and government sector investments in the sector have remained low in 2016.

Budgetary Allocation: Budgetary allocations to the transport sector have continued to fall since 2010. However, the budgetary allocations for capital expenditure rose exceedingly in 2016 reflecting the President's commitment to improve infrastructures, particularly in the transport sector.

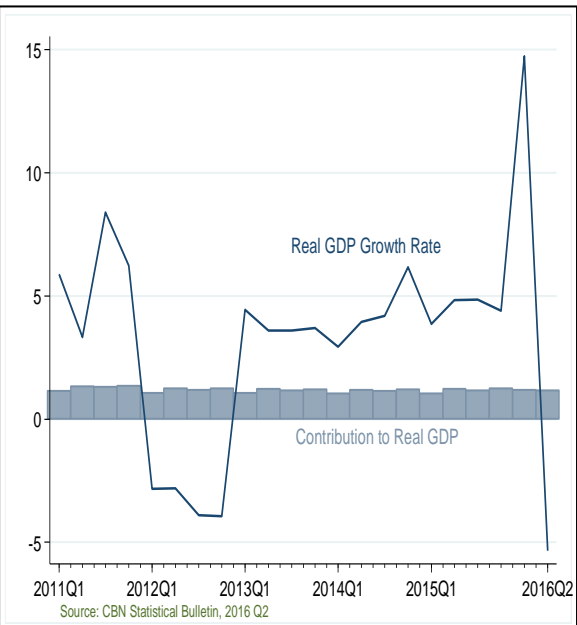
Stalled growth, post-2005

Real GDP at 1990 Base Year



Weak growth post-2012, contraction in 2016

Real GDP at 2010 Base Year



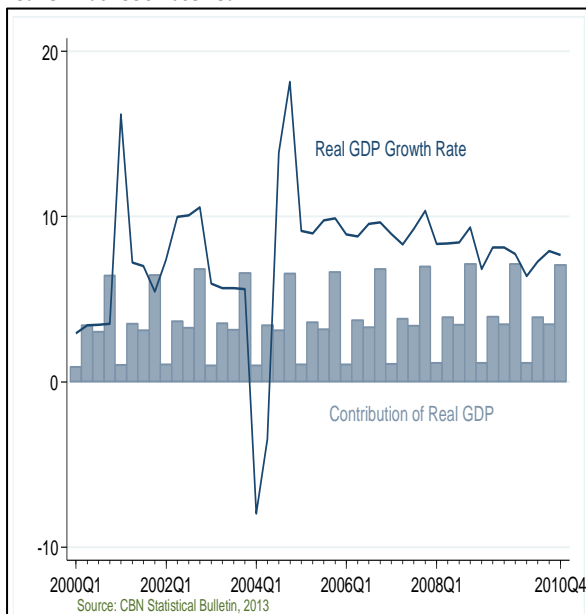
Gross Domestic Product Growth Rate: Growth in the sector which stalled in the second and third quarters of 2015 witnessed a considerable decline in 2015Q4; the stall in growth in 2015 is attributable to persisting underperformance in road transportation. However, the sector's growth increased dramatically in 2016Q1 (reaching nearly 15 percent) owing to the sharp rise of activities in the road transport sub sector, but fell sharply to about -5 percent in 2016Q2.

Contribution to GDP: The contribution of the sector to overall GDP growth, which has been fairly flat prior to 2014 took an upward trend afterward; particularly jumped in 2016Q1 following the new budget allocations for capital expenditure.

Manufacturing Sector

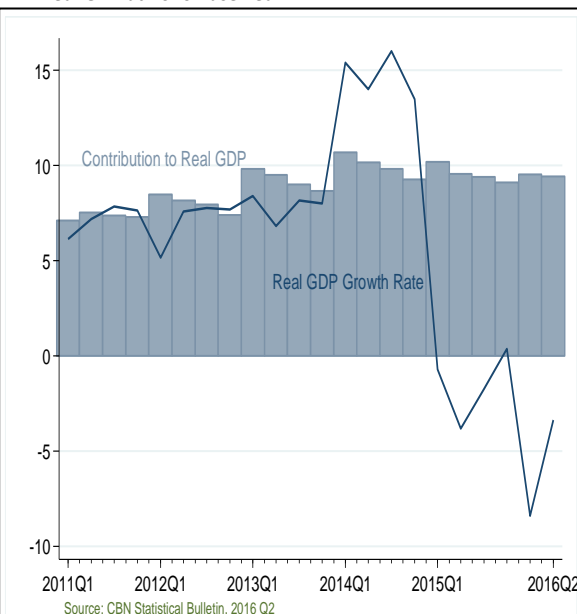
Stalled growth, post-2005

Real GDP at 1990 Base Year



The demise of Nigerian manufacturing, post 2014

Real GDP at 2010 Base Year



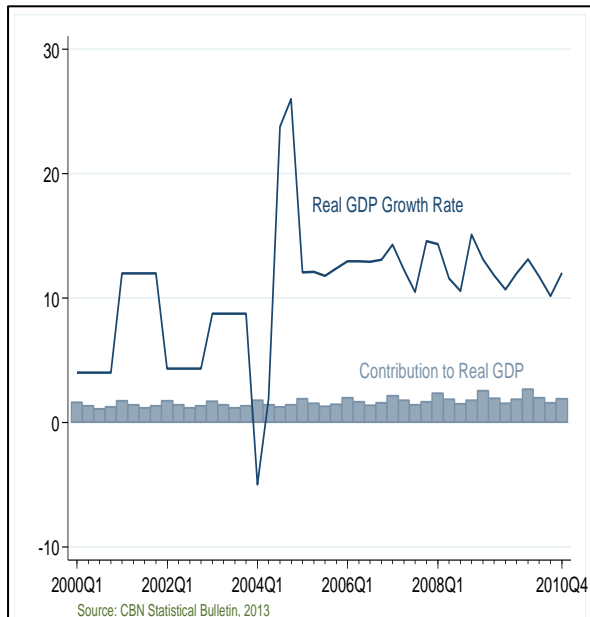
Capital Importation: Overall capital imported into the manufacturing sector fell deeply in 2015 and has remained low in 2016H1 on the account of present FOREX issues affecting businesses in the sector and discouraging investors.

Gross Domestic Product Growth Rate and Contribution to GDP: Growth in the manufacturing sector fell drastically in 2015 due to capital and forex controls introduced by monetary authorities to moderate the downward pressure on the external value of the Naira. The sector also witnessed further decline in 2016Q1 largely driven by contractions in oil refining, cement, food and beverage and tobacco production.

Construction Sector

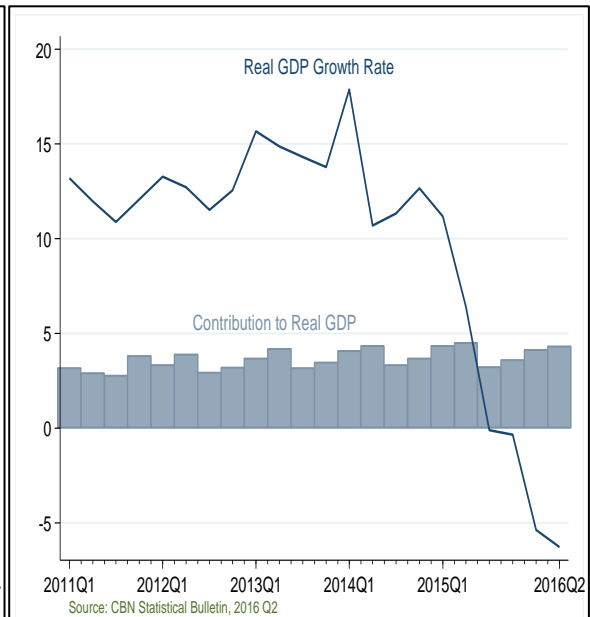
Fair growth, post-2004

Real GDP at 1990 Base Year



Government revenue falls, Construction contracts

Real GDP at 2010 Base Year



Capital Importation: Capital expenditure into the construction sector remained above 10 percent since 2005 until 2015. Similar to the manufacturing sector, overall capital imported into the construction sector fell most significantly in 2015 and 2016 on the account of present FOREX issues affecting businesses in the sector; thus discouraging investors.

Gross Domestic Product Growth Rate and Contribution to GDP: The sector's GDP growth rate declined dramatically in 2016Q1, due to worsening fiscal position of both Federal and State governments which adversely affected construction services in the private sector. Weakened fiscal position of the public sector – orchestrated by the fall in crude oil revenue substantially contributed to the sectors poor performance. However, the slight increase in the sector's contribution to GDP in 2016Q1 largely reflects the relative fall in contribution of other sectors of the economy.

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