

December 9, 2016

Demographic Focus

Recently released population estimate figures by the Nigeria Bureau of Statistics, show a significant increase in Nigeria's population, based on the 2006 census. Notably, total population grew by an estimated 40 percent from 2006, to 193 million persons in 2016¹. Also, disaggregate demographic data from 2007 to 2016, reveals an increase in the number of males (74 million to 99 million) and females (71 million to 95 million), with a 2016 gender (males to females) percentage ratio of 51:49. The high rate of population growth can be attributed to the improvements in average annual rate of natural increase² – the difference between crude birth rate and death rate. As in preceding years, the composition of children and youths make up the highest share of the population growth. This presents a potential increase in the rate of labour supply. Going forward, there is need for the government to support rapid job creation in order to check the potential upsurge in unemployment rate.



Crude Oil Price

OPEC weekly basket price continued its upward trajectory in the review week, following the OPEC general meeting in late November. Crude Oil basket price rose week-on-week by 5.03 percent to \$53.24 per barrel on December 9, 2016³. The increase is attributable to further supply cuts prospects, as evident in the recent signing of the production cut agreement between OPEC and Non-OPEC - indicating a joint supply reduction of 1.8 million barrels⁴. Improvement in crude oil price will help boost oil exports earnings and the country's foreign reserves. Thus, Nigeria's economic prospects could be positive in the near term, if the relative peace in the Niger Delta region and the recent rise in crude oil production is sustained.



Exchange Rate

The Naira depreciated at both the interbank and parallel market segments from December 2, 2016 to December 9, 2016. Precisely, naira fell marginally by 0.2 percent to N305.5/\$⁵ (on December 6, 2016), and N485/\$⁶ (parallel rate) respectively. Despite the noticeable increase in foreign reserves⁷, the exchange rate depreciation may not be unconnected to persistent scarcity of dollars effected by currency hoarding, speculations and reduction in foreign remittances⁸. Given the perceived increase in foreign reserves, the monetary authority should consider supplying more foreign exchange to BDC operators and ensure strict prohibition to forex hoarding.



Stock Market

The Stock Exchange Market All-share Index (ASI) and Market Capitalization (MCAP) increased in the second consecutive week following several preceding bearish weeks. Specifically, ASI gained 76.86 points from 25,740.83 to 25,817.69 index points, while MCAP rose (week on week) by 0.32 percent to close at N8.88 trillion on December 9, 2016⁹. The bullish position was driven, amongst other indices, by appreciation in the Oil and Gas Index, as largely attributable to increase in share value of some listed oil companies¹⁰. Given that stronger economy enhances investors' confidence, there is need to find lasting solution to waning growth performance in the economy.



Compiled by the Information and Data Management (IDM) Unit, CSEA

ECONOMIC INDICATORS

QUARTERLY ECONOMIC INDICATORS	2016Q1	2016Q2	2016Q3
GDP Growth Rate (%)	-0.36	-2.06	-2.24
Oil GDP (%)	-1.89	-17.48	-22.01
Non-Oil GDP (%)	-0.18	-0.38	0.03
Unemployment Rate (%)	12.10	13.10	NA
Underemployment Rate (%)	19.10	19.30	NA
Foreign Direct Investment (US \$'Million)	174.46	184.29	340.64
Portfolio Investment (US \$'Million)	271.04	337.31	920.32
Other Investments (US \$'Million)	265.47	520.57	561.16
External Debt (FGN & States - N'Billion)	2,205.35	3,187.11	NA
Domestic Debt (FGN - N'Billion)	9,970.05	10,606.33	NA
Manufacturing Capacity Utilisation (%)	52.70	50.70	NA
MONTHLY ECONOMIC INDICATORS			
	Aug-2016	Sep-2016	Oct-2016
Headline Inflation (%)	17.61	17.85	18.3
Food Sub-Index (%)	16.43	16.60	17.1
Core Sub-Index (%)	17.21	17.70	18.1
External Reserve (US\$ Million)	25,031.93	23,806.51	23,689.87
All Share Index (Points)	27,528.92	27,964.84	27,663.26
Market Capitalization (N' Billion)	9,454.79	9,606.00	9,501.79
Exchange Rate (BDC - N/US\$)	396.15	431.10	462.03
Official Rate (N/US\$)	309.73	305.23	305.21
Manufacturing PMI	42.10	42.50	44.1
Non-Manufacturing PMI	43.70	41.00	43.4
Crude Oil Price(US\$/Barrel)	46.15	47.43	51.00
Petrol (PMS - N/litre)	147.30	146.30	145.90
Diesel (AGO - N/litre)	196.53	192.69	187.25
Kerosene (NHK - N/litre)	298.19	288.68	292.73
MPR (%)	14.00	14.00	14.00
Private Sector CRR (%)	22.50	22.50	22.50
Public Sector CRR (%)	22.50	22.50	22.50
91 Day T-Bill Rate (%)	15.25	14.00	13.96
Savings Deposit (%)	3.93	4.05	4.08
Prime Lending (%)	17.18	17.09	17.10
Max Lending (%)	27.21	27.49	27.69
Narrow Money (N'Billion)	9,125.90	9,949.39	10,023.62
Broad Money (N'Billion)	21,647.33	22,133.48	22,275.51
Net Domestic Credit (N'Billion)	25,955.11	26,341.47	26,774.68
Credit to Government ((N'Billion)	3,290.90	3,748.84	3,705.05
Credit to Private Sector ((N'Billion)	22,664.21	22,592.63	23,069.64
Currency in Circulation (N'Billion)	1,679.48	1,794.29	1,825.66

- ¹National Bureau of Statistics (2016). "Population Estimates 2006-2016". Retrieved from, <http://www.nigerianstat.gov.ng/report/475>
- ²UNICEF (2016). "Nigeria: Migration Profile". Retrieved from, <https://esa.un.org/migmgprofiles/indicators/files/Nigeria.pdf>
- ³ OPEC weekly oil price. Accessed on December 13, 2016. http://www.opec.org/opec_web/en/data_graphs/40.htm
- ⁴Reuters (2016). "OPEC, non-OPEC agree first global oil pact since 2001". Accessed on December 13, 2016. <http://www.reuters.com/article/us-opec-meeting-idUSKBN13ZoJ8>
- ⁵ CBN archives. Cbn.gov.ng. Accessed on December 13, 2016. <http://www.cbn.gov.ng/rates/ExchRateByCurrency.asp>
- ⁶Abokifx (2016). "Lagos Black market rates". Abokifx December 9, 2016. Accessed on December 13, 2016. <http://abokifx.com/previous-rates-2/>
- ⁷ CBN archives. Cbn.gov.ng. Accessed on December 14, 2016. <http://www.cbn.gov.ng/IntOps/Reserve.asp?MoveDate=12/14/2016%202:20:31%20AM>
- ⁸Vanguard (2016). "Naira defies effort at recovery, exchanges at N485/\$". Accessed on December 13, 2016. <http://www.vanguardngr.com/2016/12/naira-defies-effort-recovery-exchanges-n485/>
- ⁹ Nigerian Stock Exchange (2016). "Stock Market Report for December 9, 2016". Retrieved from, http://www.nse.com.ng/market_data-site/other-market-information-site/Week%20Market%20Report/Weekly%20Market%20Report%20for%20the%20Week%20Ended%2009-12-2016.pdf
- ¹⁰Tribune Online (2016). "NSE: Oil stocks move market to a marginal increase". Accessed December 14, 2016. <http://tribuneonlineng.com/nse-oil-stocks-moves-market-marginal-increase/>