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Public Debt Profile

Recent Data released by the Nigeria Bureau of Statistics reveals an increase in total public debt stock between 2015 and 2016. Foreign and domestic debt stock stood at \$11.4 billion and N14.0 trillion respectively as at December 2016¹, from \$10.7 billion and N10.5 trillion recorded as at December 2015². Disaggregated data shows that foreign debt sources comprised Multilateral (\$8.0 billion), Bilateral (\$0.2 billion) and Exim bank of China (\$3.2 billion); domestic sources included government bonds, treasury bills and bonds. The federal government and states accounted for 68.7% and 31.3% respectively of foreign debt stock; 78.9% and 21.1% respectively of domestic debt stock. This maybe particularly at the backdrop of government borrowings in 2016 to finance its expenditure (mostly recurrent). Given the crowding-out effect³ of domestic borrowing on private investment, monetary authorities may need to monetize budget deficit by increasing money supply given fiscal expansion) in order to prevent commercial interest rates

Petroleum Statistics

The Petroleum products imports report shows that 4.1 billion litres of PMS (Petrol Motor Spirit), 1.4 billion litres of AGO (Automated Gas Oil), and 0.4 billion litres of HHK (Household Kerosene) were imported into the country in 2017Q1⁴. Volume of PMS and HHK significantly dropped (Quarter-on-Quarter) by 16% and 78% respectively; however AGO increased by 30%. The remarkable moderation in volume of refined petroleum imports could be attributable to the recent improved functionality and capacity utilization of Nigeria's three refineries- (Nigeria's refining capacity increased by 29 percentage points to 37% in January 2017⁵). The impact being felt include successive monthly decrease in the household value/price level of these refined products (see table below). Going forward, there may need for government and private sector partnership in setting up new and modern refineries in the country, given that the current set of refineries can at best cover less than half of the country's total demand for refined petroleum products.

Crude Oil Price

Global crude oil benchmark (Brent) hit its lowest price since the agreed cut by OPEC in November 2016 - at \$46.64 per barrel during the review week⁶. Bonny light remained unchanged at \$49.91 per barrel. Oil prices responded to oversupply threats from the US (crude oil production in US rose to 9.29 million barrels in the week⁷). The recent drop in crude oil prices could have adverse impact on investors' renewed confidence on the prospect of oil market rebalance and stability of prices in the near term. Thus, the Nigerian government should deepen its diversification efforts promote the channeling of private investments in other sectors of the economy and minimize the potential exodus of investments from the Nigerian economy.

Stock Market

The NSE All-Share Index and Market Capitalization increased in value by 1.9% and 1.8% to close the week at 26,235.63 points and Ng.069 trillion respectively⁸. Similarly, all other different Indices edged higher in the week with the exception of NSE Insurance and NSE Industrial Goods Indices that deteriorated by 0.1% and 1.0% separately. The Bourse's gain for the second consecutive week depicts investors' optimistic reaction to listed companies first quarter earnings results⁹; thus giving sensitive investors the opportunities to buy into value. This continued improvement in earnings is a major source of attraction for investors as it reflects improvements in macroeconomic conditions of the country. Going forward, the government should take steps to channel its borrowed fund towards the revamping of infrastructures that support private sector activities in the country.



ECONOMIC INDICATORS

QUARTERLY ECONOMIC INDICATORS	2016Q2	2016Q3	2016Q4
GDP Growth Rate (%)	-2.06	-2.24	-1.30
Oil GDP (%)	-17.48	-22.01	-12.38
Non-Oil GDP (%)	-0.38	0.03	-0.33
Unemployment Rate (%)	13.10	13.9	NA
Underemployment Rate (%)	19.30	19.7	NA
Foreign Direct Investment (US \$'Million)	184.29	340.64	344.63
Portfolio Investment (US \$'Million)	337.31	920.32	284.22
Other Investments (US \$'Million)	520.57	561.16	920.03
Retained Revenue (FG) (N' Billion)*	722.4	955.1	647.8
Expenditure (FG) (N' Billion)*	1,379.6	1352.1	1314.9
(Deficit)/Surplus (N' Billion)*	-657.2	-397.0	-667.1
MONTHLY ECONOMIC INDICATORS	Jan-2017	Feb-2017	Mar-2017
Headline Inflation (%)	18.72	17.78	17.26
Food Sub-Index (%)	17.82	18.53	18.44
Core Sub-Index (%)	17.90	16.00	15.4
External Reserve (US\$ Million)	28,592.98	29,975.38	29,996.38
All Share Index (Points)	26,036.24	25,329.08	25,516.34
Market Capitalization (N' Billion)	8,972.99	8,765.92	8,828.96
Exchange Rate (BDC - N/US\$)	493.29	494.7	429.48
Official Rate (N/US\$)	305.20	305.31	306.4
Manufacturing PMI	48.20	44.6	47.7
Non-Manufacturing PMI	49.40	44.5	47.1
Crude Oil Price(US\$/Barrel)	55.01	46.39	52.13
Petrol (PMS - N/litre)	148.7	149.8	149.4
Diesel (AGO - N/litre)	240.52	249.38	234.55
Kerosene (NHK - N/litre)	433.84	352.42	311.56
MPR (%)	14	14	14
Private Sector CRR (%)	22.5	22.5	22.5
Public Sector CRR (%)	22.5	22.5	22.5
91 Day T-Bill Rate (%)	13.95	13.75	NA
Savings Deposit (%)	4.22	4.22	4.23
Prime Lending (%)	16.91	17.13	17.43
Maximum Lending (%)	28.88	29.26	30.18
Narrow Money (N'Billion)	11,267.71	10,212.65	9,955.24
Broad Money (N'Billion)	23,380.94	22,365.65	22,024.98
Net Domestic Credit (N'Billion)	26,627.28	26,771.07	27,472.69
Credit to Government (N'Billion)	4,284.26	4,408.656	5,199.69
Credit to Private Sector (N'Billion)	2,234.30	2,2362.41	2,227.30
Currency in Circulation (N'Billion)	1,994.58	1,978.887	1,983.63
FAAC (N' Billion)	465	514.15	NA

*NA: Not Available

¹National Bureau of Statistics (2017). "Nigerian Domestic and Foreign Debt 2016 Report". Retrieved from, <http://www.nigerianstat.gov.ng/report/547>

²Debt Management Office (2017). "Nigeria's Public Debt Stock as at December 31, 2015". Retrieved from, <https://www.dmo.gov.ng/debt-profile/total-public-debt/60-total-public-debt-stock-as-at-31st-december-2015/file>

³The process of crowding out arises when government borrows heavily from the domestic market, there would be shortages of loan able funds which drives interest rates up leading to the reduction of private borrowing and hence limiting private investment

⁴National Bureau of Statistics (2017). "Petroleum Products Import Statistics (Q1 2017)". Retrieved from, <http://www.nigerianstat.gov.ng/report/549>

⁵NNPC (2017). "Nigeria Refining Capacity Increases by 29%". Accessed May 8, 2017. <http://nnpcgroup.com/PublicRelations/NNPCinthenews/tabid/92/articleType/ArticleView/articleId/760/Nigeria-Refining-Capacity-Increases-by-29.aspx>

⁶Reuters (2017). "Oil rebounds on Saudi assurances Russia will extend supply cuts". Accessed May 8, 2017. <http://www.reuters.com/article/us-global-oil-idUSKBN18000F>

⁷EIA (2017). "Weekly US Field Production of Crude Oil". Accessed May 8, 2017. <https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=WCRFPUS2&f=W>

⁸NSE (2017). "STOCK MARKET REPORT FOR MAY 5TH, 2017". Retrieved from, http://www.nse.com.ng/market_data-site/other-market-information-site/Week%20Market%20Report/Weekly%20Market%20Report%20for%20the%20Week%20Ended%2005-05-2017.pdf

⁹Trw brokers (2017). "Profit taking to pervade equities trading". Accessed May 8, 2017. <https://trwstockbrokers.wordpress.com/2017/05/08/profit-taking-to-pervade-equities-trading/>