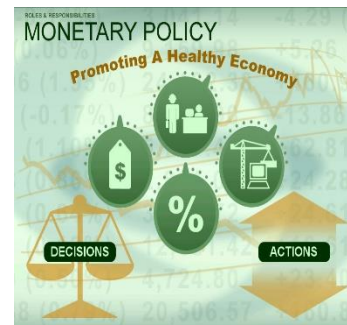


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Monetary Policy

The Monetary policy committee, at its meeting on July 24 -25, 2017, unanimously retained all parameters for the sixth consecutive period. Specifically, the MPR was retained at 14 percent, CRR at 22.5 percent, Liquidity ratio at 30 percent and the asymmetric band around the MPR at +200 and – 500 basis points¹. The decision to retain all rates was hinged on moderate recovery of the domestic economy and an optimistic outlook – signifying that the sustained restrictive monetary policy has contributed to yielding favorable economic outcome. The macro-economy has witnessed remarkable short-term improvements in exchange rate, inflation, balance of payment due to improved earnings, and in some other macroeconomic indices. While acknowledging the improvement recorded in some of the macroeconomic indicators, it is expedient that the monetary authority presents a clear exchange rate policy to restore investors' confidence in the forex market and the macroeconomy as a whole. More can be achieved from exchange rate policy that hinges on the interplay of market forces and unhindered capital



Purchasing Managers' Index

The PMI report by the CBN shows an increase in the index for the month of July 2017, relative to June 2017. Manufacturing PMI increased by 1.2 index points to 54.1, and Non-manufacturing PMI increased marginally from 54.2 to 54.4 index points² – representing expansion for the fourth and third consecutive months respectively. In the review month, 11 subsectors out of 16 manufacturing subsectors, recorded growth and expansion. Business activities may have thrived at the back of better forex liquidity as several interventions were put in place by the CBN in the review month. Manufacturers' access to purchasing required inputs have been greatly enhanced³. Going forward, to ensure sustained improvements in business activities in the country, there is a need to deal with the: multiple barriers to accessing affordable finance, weakly regulated business environment, weak legal system and law enforcement, as well as the inadequacy of key infrastructures.



Oil and Gas Sector

Recent media highlights suggest that there is a prospective decrease in Nigeria's budgetary benchmark crude oil production. Precisely, the 1.8 million barrels per day proposed at the Joint OPEC and Non-OPEC Ministerial Monitoring Committee (JMCM) meeting³, is 18.2 percent lower than the budgetary production benchmark of 2.2 million barrels per day. This followed OPEC's recent review to include Nigeria in the ongoing production cut agreement amid concerns of global oil market oversupply, given the constant production increase from Nigeria over the last few months⁴. Thus, the implementation of the proposed output level takes effect as soon as Nigeria reaches the 1.8mbpd (Data shows current production levels at 1.7mbpd⁵). With crude oil export as the major source of government revenue, OPEC's recent review places a cap on the Nigeria's potential revenue. This buttresses the need for the Nigerian government to continue to enact reforms that improve domestic business environment and deepens the country's competitive capabilities to sufficiently diversify its revenue base beyond crude oil .



Portfolio Investment

Total portfolio transactions at the Nigeria Stock Exchange increased in June 2017, compared to May 2017. Provisional data shows an increase of 7.1 percent to N220.3 billion⁶. Foreign portfolio investment increased by 6.7 percent to N101.5 billion, while Domestic investment grew by 7.5 percent to N118.7 billion. Domestic investment continued to outperform foreign investment – Outperforming FPI by 7.8 percentage points. Going forward, a more favorable economic outlook, policy consistency and macroeconomic stability would improve and sustain the performance of portfolio investment in the near term.



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

ECONOMIC INDICATORS

QUARTERLY ECONOMIC INDICATORS	2016Q3	2016Q4	2017Q1
GDP Growth Rate (%)	-2.34*	-1.73*	-0.52
Oil GDP (%)	-23.04*	-17.70*	-11.64
Non-Oil GDP (%)	0.03	-0.33	0.72
Unemployment Rate (%)	13.9	14.2	NA
Underemployment Rate (%)	19.7	21.0	NA
Foreign Direct Investment (US \$'Million)	340.64	344.63	211.38
Portfolio Investment (US \$'Million)	920.32	284.22	313.61
Other Investments (US \$'Million)	561.16	920.03	383.28
External Debt (FGN & States - N'Billion)	3,535.58	3,478.91	4,229.96
Domestic Debt (FGN - N'Billion)	10,845.22	11,058.20	11,971.34
Manufacturing Capacity Utilisation (%)	48.4	48.5	53.7
MONTHLY ECONOMIC INDICATORS	Apr-2017	May-2017	June-2017
Headline Inflation (%)	17.24	16.25	16.1
Food Sub-Index (%)	19.30	19.27	19.91
Core Sub-Index (%)	14.80	13.00	12.5
External Reserve (US\$ Million)	30,749.28	29,811.85	NA
All Share Index (Points)	25,758.51	29,498.31	33,117.48
Market Capitalization (N' Billion)	8,912.90	10,197.73	11,452.12
Exchange Rate (BDC - N/US\$)	392.89	384.48	366.25
Official Rate (N/US\$)	306.05	305.54	305.72
Manufacturing PMI	51.1	52.5	52.9
Non-Manufacturing PMI	49.5	52.7	54.2
Crude Oil Price(US\$/Barrel)	52.94	50.57	47.42
Petrol (PMS - N/litre)	149.9	150.57	150.3
Diesel (AGO - N/litre)	229.25	216.3	210.42
Kerosene (NHK - N/litre)	280.80	303.29	287.3
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 (%)	13.58	13.5	13.5
Savings Deposit (%)	4.24	4.08	4.08
Prime Lending (%)	17.44	17.58	17.59
Maximum Lending (%)	30.31	30.75	30.94
Narrow Money (N'Billion)	9,760.42	10,184.90	9,883.82
Broad Money (N'Billion)	21,712.98	21,975.34	21,674.21
Net Domestic Credit (N'Billion)	27,534.71	26,758.77	26,921.03
Credit to Government (N'Billion)	5,591.83	4,828.05	4,942.47
Credit to Private Sector (N'Billion)	2,194.29	2,193.07	2,197.86
Currency in Circulation (N'Billion)	1,975.81	1,897.92	1,873.54
FAAC (N' Billion)	496.39	418.8	462.4

*Revised GDP figures

NA: Not Available

¹CBN (2017). “CENTRAL BANK OF NIGERIA COMMUNIQUÉ NO 114 OF THE MONETARY POLICY COMMITTEE MEETING OF 24th AND 25th JULY, 2017”. Retrieved from, <http://www.cbn.gov.ng/Out/2017/MPD/CENTRAL%20BANK%20OF%20NIGERIA%20COMMUNIQUE%20NO%20114%20OF%20THE%20MONETARY%20POLICY%20COMMITTEE%20MEETING%20OF%2024th%20AND%2025th%20JULY,%202017.pdf>

²CBN (2017). “Purchasing Managers’ Index (PMI) Survey Report”. Retrieved from, http://www.cbn.gov.ng/Out/2017/SD/PMI_Report_July%202017.pdf

³This Day (2017). “Nigeria Agrees to Cap Oil Output at 1.8mbpd”. Accessed August 2, 1017. <https://www.thisdaylive.com/index.php/2017/07/25/nigeria-agrees-to-cap-oil-output-at-1-8mbpd/>

⁴The Week (2017). “Oil price records biggest weekly gain this year”. Accessed August 2, 2017. <http://www.theweek.co.uk/oil-price/60838/oil-price-still-rising-after-biggest-one-day-rally-of-2017>

⁵OPEC (2017). “OPEC Monthly Oil Market Report, July 2017”. Accessed August 2, 2017. http://www.opec.org/opec_web/static_files_project/media/downloads/publications/MOMR%20July%202017.pdf

⁶NSE (2017). “Domestic & Foreign Portfolio Participation In Equity Trading – June 2017”. Retrieved from, http://www.nse.com.ng/market_data-site/other-market-information-site/FPI%20Report/NSE%20Domestic%20and%20FPI%20Report%20-%20June%202017.pdf