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Inflation

On a Year-on-Year basis, the Consumer Price index (measure for inflation rate), declined very marginally by 0.02 percentage points to 17.24 percent in April 2017¹. The CPI shows decline for the third consecutive month. The headline drop, was triggered by a decline in core sub-index of the headline inflation (from 15.4 percent to 14.8 percent) - occasioned by price easing of some non-food and solid fuel items. On the contrary, food sub-index increased from 18.44 percent to 19.30 percent owing to increase in price of domestic and imported food items (such as bread, cereals, meat, fish, potatoes, yams and other tubers, coffee, tea and cocoa, etc). This is in spite of the month-on-month reduction in forex rate (by 8.5 percent), indicating little or no exchange rate pass-through effect on the food sub-index. Going forward, improvements in transport infrastructure and efficient grain storage, among others, could help generate favorable supply response and ease pressure on food prices.



Petroleum Products Prices

Recent reports by the NBS indicates a decline in the selling price of some petroleum products for the month of April 2017. Prices of AGO and HHK decreased by 2.3% and 9.8% to sell at an average of N229.3² and N280.8³ per litre respectively. Meanwhile, PMS moderated to N149.9⁴ from N149.4 per litre. The moderating price of liquid fuels is attributable to improved products supply over demand - the NNPC, through new measures put in place in March 2017⁵, relieved supply constraints experienced in preceding months. Sustained efforts at reducing the prices of these three fuels, particularly improving forex supply and local refining, would yield positive cost-saving effect for households and firms.



Oil and Gas Sector

Nigeria's domestic crude production increased significantly in April 2017. OPEC's Month-on-Month data shows a 22.6 percent increase to 1.5 million barrels per day⁶ - constituting the biggest increase among oil producing group. Crude production increased at the backdrop of completion of scheduled maintenance/repairs at the Bonga oil field, implying resumption of crude production by an additional 225,000 barrels⁷. Remarkably, Nigeria is progressively moving towards meeting daily output benchmark/target (2.2 million barrels per day). Given recent boost in domestic crude oil production, considerable effort should be made to improve the country's refining capacity in order to reduce fuel importation and conserve foreign exchange.



Exchange Rate

The Naira maintained slight appreciation against the dollar in the review week. At the parallel market, the value of the Naira appreciated week-on-week by 1.6 percent to exchange at N380/\$ on May 19, 2017⁸. In addition, inter-bank market rate appreciated slightly by 15kobo to N305.45/\$⁹. The appreciation in both segments of the market are favorable effects of the CBN's continued forex supply in the week under review (In a bid to further ease forex liquidity, the CBN pumped a total of \$457.3 million on May 15, 2017¹⁰). The persistent and seemingly incessant interventions by the CBN is highly commendable, however, the modus operandi surrounding forex access from the banking channel remains unclear - this could undermine the stability of the forex market. Going forward, it is expedient that the monetary authority institute and maintain strict surveillance and sanction erring banks guilty of hoarding forex to the detriment of the market. In addition, there is need to explore alternative pragmatic initiatives to stabilize the naira and conserve the foreign reserve.



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	Feb-2017	Mar-2017	Apr-2017
Headline Inflation (%)	17.78	17.26	17.24
Food Sub-Index (%)	18.53	18.44	19.30
Core Sub-Index (%)	16.00	15.40	14.80
External Reserve (US\$ Million)	29,975.38	29,996.38	NA
All Share Index (Points)	25,329.08	25,516.34	25758.51
Market Capitalization (N' Billion)	8,765.92	8,828.96	8912.90
Exchange Rate (BDC - N/US\$)	494.7	429.48	392.89
Official Rate (N/US\$)	305.31	306.4	306.05
Manufacturing PMI	44.6	47.7	51.1
Non-Manufacturing PMI	44.5	47.1	49.5
Crude Oil Price(US\$/Barrel)	46.39	52.13	52.94
Petrol (PMS - N/litre)	149.8	149.4	149.9
Diesel (AGO - N/litre)	249.38	234.55	229.25
Kerosene (NHK - N/litre)	352.42	311.56	280.80
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 (%)	13.75	13.60	13.58
Savings Deposit (%)	4.22	4.23	4.24
Prime Lending (%)	17.13	17.43	17.44
Maximum Lending (%)	29.26	30.18	30.31
Narrow Money (N'Billion)	10,212.65	9,955.24	9,760.42
Broad Money (N'Billion)	22,365.65	22,024.98	21,712.98
Net Domestic Credit (N'Billion)	26,771.07	27,472.69	27,534.71
Credit to Government (N'Billion)	4,408.656	5,199.69	5,591.83
Credit to Private Sector (N'Billion)	2,2362.41	2,227.30	2,194.29
Currency in Circulation (N'Billion)	1,978.887	1,983.63	1,975.81
FAAC (N' Billion)	514.15	NA	NA

NA: Not Available

- ¹National Bureau of Statistics (2017). "Consumer Price Index April 2017". Retrieved from, <http://nigerianstat.gov.ng/report/552>
- ²National Bureau of Statistics (2017). "Automotive Gas Oil (Diesel) Price Watch (April 2017)". Retrieved from, <http://nigerianstat.gov.ng/report/556>
- ³National Bureau of Statistics (2017). "National Household Kerosene Price Watch (April 2017)". Retrieved from, <http://nigerianstat.gov.ng/report/557>
- ⁴National Bureau of Statistics (2017). "Premium Motor Spirit (Petrol) Price Watch (April 2017)". Retrieved from, <http://nigerianstat.gov.ng/report/555>
- ⁵The Guardian (2017). "NNPC announces new measures to ensure improved products supply". Accessed May 23, 2017. <https://guardian.ng/news/nnpc-announces-new-measures-to-ensure-improved-products-supply/>
- ⁶OPEC (2017). "Monthly Oil Market Report: May 2017". Retrieved from, http://www.opec.org/opec_web/static_files_project/media/downloads/publications/OPEC%20MOMR%20May%202017.pdf
- ⁷This Day (2017). "Optimism as Nigeria Inches towards Meeting Daily Oil Output Benchmark". Accessed May 22, 2017. <https://www.thisdaylive.com/index.php/2017/05/07/optimism-as-nigeria-inches-towards-meeting-daily-oil-output-benchmark/>
- ⁸Abokifx (2017). "Lagos Black Market Rate". Accessed May 22, 2017. https://abokifx.com/ratetypes/?rates=lagos_previous
- ⁹CBN (2017). "Exchange Rate". Accessed May 22, 2017. <http://w1219.cbn.gov.ng/rates/ExchRateByCurrency.asp>
- ¹⁰This Day (2017). "Naira Gains as CBN Floods Market with \$457.3m". Accessed May 22, 2017. <https://www.thisdaylive.com/index.php/2017/05/16/naira-gains-as-cbn-floods-market-with-457-3m/#comments>
- ¹¹CBN (2017). "The Movement in Reserves". Accessed on May 22, 2017 <http://w1219.cbn.gov.ng/IntOps/Reserve.asp?MoveDate=5/22/2017%206:54:40%20AM>