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Public Debt

Recently released report by the Debt Management Office, reveals an increase in Nigeria's debt stock as at June 30, 2017 – the highest in five years. At N19.64 trillion¹, total debt stock exceeded the preceding quarter (March 31, 2017)² by 2.5 percent and corresponding quarter (June 30, 2016)³ by 20.5 percent respectively. The trend in Nigeria's public debt highlights major shortfalls in government revenues and its increased expenditure. The recent debt surge was generated to accommodate excessive revenue shortfalls in order to finance major government programmes as well as activate the economy from recessionary stance. Implicatively, with GDP at N32.37 trillion⁴ in 2017H1, Nigeria has approximately 60 percent debt stock to GDP ratio as at the end of 2017H1. Going forward, the current borrowing appetite amid fragile macroeconomic fundamentals (e.g. low output growth, exports, and investment) put debt sustainability at risk. There is need to explore other development financing options such as public-private partnerships towards infrastructural financing, diaspora bonds, as well as tapping into the informal sector of the economy to improve domestic resource mobilization.



Transport Sector

Available data from NBS shows that Aviation sub-sector of the transport sector grew by 0.15 percent in real terms in 2017Q2 – down from 1.53 percent in 2017Q1⁵. The decline is likely attributable to fall in year-on-year passenger and aircraft movement in the sub-sector, following increased air fare charges. Going forward, it is important to address some of the challenges that have hampered the growth and development of Nigeria's aviation sector. Particularly, the establishment of an aircraft maintenance, repair and overhaul facility in the country is needful.



External Reserves

Nigeria's external reserve grew week-on-week by \$248.2 million to \$32.2 billion on September 22, 2017⁶. The increase may not be unconnected to gains from crude oil sales as Bonny Light, Nigeria's benchmark crude gained about 1 percent during the week, to close at \$57.38 per barrel⁷. The recent improvement in earnings from crude oil need be judiciously saved and utilized for the purpose of fiscal stabilization, wealth creation, and inter-generational equity. Ongoing depletion of foreign reserves to defend the naira should be revised.



Stock Market

The Nigeria Stock Exchange market recorded week-on-week increases in market indices. All-share index and Market Capitalization rose by 1.4 percent respectively to 35,488.8 index points and N12.23 trillion on September 22, 2017⁸. The review week's 100 percent buying position⁹, indicates that funds are entering into the market, following sentiments of a stronger macro-economy in Q2. Perhaps, investors are strategically repositioning for Q3 data ahead. The full implementation of the Economic Growth and Recovery Plan (ERGP) is vital to support significant growth in the domestic economy, and to boost future stock market performances.



ECONOMIC INDICATORS

QUARTERLY ECONOMIC INDICATORS	2016Q4	2017Q1	2017Q2
GDP Growth Rate (%)	-1.73*	-0.91*	0.55
Oil GDP (%)	-17.70*	-11.64	1.64
Non-Oil GDP (%)	-0.33	0.72	0.45
Unemployment Rate (%)	14.2	NA	NA
Underemployment Rate (%)	21.0	NA	NA
Foreign Direct Investment (US \$'Million)	344.63	211.38	274.4
Portfolio Investment (US \$'Million)	284.22	313.61	770.5
Other Investments (US \$'Million)	920.03	383.28	747.5
External Debt (FGN & States - N'Billion)	3,478.91	4,229.96	4,602.88
Domestic Debt (FGN - N'Billion)	11,058.20	14,971.34*	15,034.11
Manufacturing Capacity Utilisation (%)	48.5	53.7	NA

MONTHLY ECONOMIC INDICATORS	June-2017	July-2017	August-2017
Headline Inflation (%)	16.1	16.05	16.01
Food Sub-Index (%)	19.91	20.28	20.25
Core Sub-Index (%)	12.5	12.2	12.3
External Reserve (US\$ Million)	30,340.96	30,898.96	NA
All Share Index (Points)	33,117.48	36,864.71	NA
Market Capitalization (N' Billion)	11,452.12	12,705.45	NA
Exchange Rate (BDC - N/US\$)	366.25	365.38	365.57
Official Rate (N/US\$)	305.72	305.86	305.67
Manufacturing PMI	52.9	54.1	53.6
Non-Manufacturing PMI	54.2	54.4	54.1
Crude Oil Price(US\$/Barrel)	47.42	49.01	51.64
Petrol (PMS - N/litre)	150.3	148.2	144.4
Diesel (AGO - N/litre)	210.42	197.6	196.23
Kerosene (NHK - N/litre)	287.3	280.5	225.52
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 (%)	13.5	13.46	NA
Savings Deposit (%)	4.08	4.08	NA
Prime Lending (%)	17.59	17.65	NA
Maximum Lending (%)	30.94	30.94	NA
Narrow Money (N'Billion)	9,883.82	10,325.98	NA
Broad Money (N'Billion)	21,674.21	22,200.32	NA
Net Domestic Credit (N'Billion)	26,921.03	27,160.16	NA
Credit to Government (N'Billion)	4,942.47	4,987.79	NA
Credit to Private Sector (N'Billion)	2,197.86	2,217.24	NA
Currency in Circulation (N'Billion)	1,873.54	1,769.75	NA
FAAC (N' Billion)	462.4	652.2	NA

*Revised GDP figures

NA: Not Available

¹Debt Management Office (2017). "Nigeria's Public Debt Stock as at June 30, 2017". Retrieved from, <https://www.dmo.gov.ng/debt-profile/total-public-debts/2170-total-public-debt-as-at-30th-june-2017/file>

² Debt Management Office (2017). "Nigeria's Public Debt Stock as at March 31, 2017". Retrieved from, <https://www.dmo.gov.ng/debt-profile/total-public-debts/2075-total-public-debt-stock-as-at-31st-march-2017/file>

³ Debt Management Office (2017). "Nigeria's Public Debt Stock as at June 30, 2016". Retrieved from, <https://www.dmo.gov.ng/debt-profile/total-public-debts/1538-total-public-debt-as-at-30th-june-2016/file>

⁴ National Bureau of Statistics (2017). "Nigerian Gross Domestic Product Report (Q2 2017)". Retrieved from, <http://nigerianstat.gov.ng/elibrary>

⁵National Bureau of Statistics (2017). "Air Transportation Data, 2017Q2". Retrieved from, <http://nigerianstat.gov.ng/elibrary>

⁶CBN (2017). "The Movement in Reserves". Accessed September 26, 2017.

<https://www.cbn.gov.ng/IntOps/Reserve.asp?MoveDate=9/26/2017%204:09:06%20AM>

⁷cbn.gov.ng

⁸NSE (2017). "Stock Market Report for September 22nd, 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%2022-09-2017.pdf

⁹Truststockbrokers (2017). "Technical Position Of NSE Sectorial Indexes Trading Range". Accessed September 26, 2017. <https://trwstockbrokers.wordpress.com/author/rashmong/page/2/>