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Inflation

According to the National Bureau of Statistics, Inflation rate as measured by Consumer Price Index eased marginally by 0.03 percentage points from 16.01 percent in August 2017, to 15.98 percent in September, 2107¹ – the eight consecutive month of decline in 2017. Core component decreased further in the review month by 0.2 percentage points to 12.10 percent on account of less price pressure on some non-food items. However, Food sub-index moderated to 20.32 percent, from 20.25 percent, indicating sustained pressure on food prices for the second consecutive month. While the 11 percent inflation target set for 2017 by the Central Bank of Nigeria may not be achieved, addressing the problems of recurrent clashes between farmers and herdsmen, as well as reoccurring flooding that affect farming activities could go a long way in reducing the prices of farm inputs and supply shortages [therefore, inflation] in the near term.



Non-Oil Revenue (Taxation)

Recent report by the NBS reveals that total revenue generated from Value Added Tax (VAT) for 2017Q2 amounted to N246.30 billion² – up by 20.3 percent Quarter-over-Quarter gains, and 31.7 percent Year-on-Year increases. Manufacturing generated the highest VAT with N33.7 billion, closely followed by professional services and oil production with N21.6 billion and N14.9 billion respectively. Increased revenue from VAT may have been triggered by improvements in collection performances by relevant revenue-collecting agencies³. However, a closer analysis suggests that the total VAT for the review quarter represents only 54.7 percent of the FIRS quarterly VAT revenue projection of N450 billion. Thus, the N1.8 trillion 2017 VAT revenue target set by FIRS is perhaps unattainable. Going forward, government should consider tapping into the informal sector of the economy so as to scale-up the revenue potential. Extending formality to the shadow economy would widen the tax net and improve the country's revenue in the medium term.



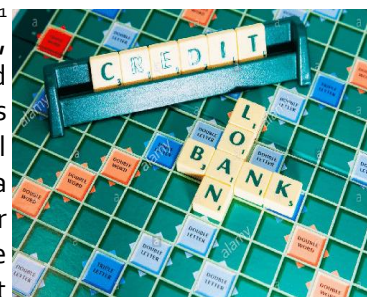
Agricultural Sector

Average prices of selected local food items continued to increase in September 2017, despite the drop in headline inflation rate. Selected food items range from rice, yam, potatoes, to tomatoes, eggs, fish, beef and others. In comparison with preceding prices, total average price growth of these items grew (Year-on-Year) by 12.7 percent, and moderated QOQ by a mere 0.3 percent⁴. This is on account of the rising prices of farm inputs and supply shortages, intermittent clashes between farmers and herdsmen, as well as weak harvest due to increased flooding of farmlands. Going forward, the government needs to set clear cut and coherent approach to resolve the Herdsmen-Farmers conflict. Particularly, strengthening security arrangements for herders and farming communities especially in the north-central zone; consolidating conflict mediation, resolution, reconciliation and peace-building mechanisms; and establishing grazing reserves in consenting states can help minimize contacts and friction between herders and farmers.



Credit and Loans

Recently released survey report by the CBN shows an improvement in the availability of secured₁ and unsecured₂ banks' credit and loans to households, corporate and small businesses in 2017Q3, and an optimistic outlook in 2017Q4⁵. Among other indices, availability of overall secured and unsecured lending to households improved from -6.2 and -19.2 to -0.9 and -15.0 index points respectively; although still in the negative territory. Index for availability of credit to small businesses improved from -20.1 to -6.7. Lenders and respondents noted that anticipation of a brighter economic outlook, favorable liquidity positions, market share objectives and higher appetite for risk were major factors behind the increase. Going forward, a more favorable economic performance in addition to a stable macroeconomic, social and political environment would douse investment risk and improve credit conditions in the economy.



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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	11,971.34	15,034.11
Manufacturing Capacity Utilisation (%)	48.5	53.7	NA
MONTHLY ECONOMIC INDICATORS	July-2017	August-2017	September-2017
Headline Inflation (%)	16.05	16.01	15.98
Food Sub-Index (%)	20.28	20.25	20.32
Core Sub-Index (%)	12.2	12.3	12.1
External Reserve (US\$ Million)	30,898.96	NA	NA
All Share Index (Points)	36,864.71	NA	NA
Market Capitalization (N' Billion)	12,705.45	NA	NA
Exchange Rate (BDC - N/US\$)	365.38	365.57	NA
Official Rate (N/US\$)	305.86	305.67	NA
Manufacturing PMI	54.1	53.6	55.3
Non-Manufacturing PMI	54.4	54.1	54.9
Crude Oil Price(US\$/Barrel)	49.01	51.64	NA
Petrol (PMS - N/litre)	148.2	144.4	144.5
Diesel (AGO - N/litre)	197.6	196.23	184.8
Kerosene (NHK - N/litre)	280.5	225.52	264.48
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 (%)	13.46	13.35	NA
Savings Deposit (%)	4.08	4.08	NA
Prime Lending (%)	17.65	17.69	NA
Maximum Lending (%)	30.94	31.20	NA
Narrow Money (N'Billion)	10,325.98	9,890.81	NA
Broad Money (N'Billion)	22,200.32	21,851.45	NA
Net Domestic Credit (N'Billion)	27,160.16	26,821.45	NA
Credit to Government (N'Billion)	4,987.79	4,824.23	NA
Credit to Private Sector (N'Billion)	2,217.24	2,199.72	NA
Currency in Circulation (N'Billion)	1,769.75	1,868.74	NA
FAAC (N' Billion)	467.85*	637*	NA

*Revised GDP figures

NA: Not Available

¹National Bureau of Statistics (2017). “CPI and Inflation Report September 2017”. Retrieved from, <http://nigerianstat.gov.ng/>

² National Bureau of Statistics (2017). “Sectoral Distribution of Value Added Tax (Q2 2017)”. Retrieved from, <http://nigerianstat.gov.ng/>

³ National Bureau of Statistics (2017). “Selected Food Prices Watch (SEPTEMBER 2017)”. Retrieved from, <http://nigerianstat.gov.ng/>

⁴This Day (2017). “FIRS Projects N1.8trn VAT Revenue for 2017”. Accessed October 24, 2017. <https://www.thisdaylive.com/index.php/2017/07/19/firs-projects-n1-8trn-vat-revenue-for-2017/>

⁵CBN (2017). “Credit Conditions Survey Report Central Bank of Nigeria Q3 2017”. Retrieved from, https://www.cbn.gov.ng/Out/2017/SD/2017%20Q3%20CCS%20Report_Final.pdf

₁Secured Credit: Credit/loan that is backed by a collateral.

₂Unsecured Credit: Credit extended only on the basis of the debtor's promise to repay, without any collateral security.