

Issue 10,  
March 10, 2017

## Economic Recovery & Growth Plan (ERGP)

The Federal government recently released its ERGP aimed at restoring economic growth in Nigeria between 2017 and 2019. The ERGP projects that Nigeria's real GDP will grow from an average of -1.5 in 2016 to 2.19 percent in 2017, and 7 percent by 2020<sup>1</sup>. This is hinged on the expected recovery of crude oil production (2.2 mbd in 2017 to 2.5 mbd in 2020), and growth in Non-oil GDP (from 0.20 percent to 7.28 percent by 2020). The latter would be driven by the stabilization of the macroeconomic environment; investment and growth in the Agricultural sector; improvements in energy efficiency and transportation infrastructure; as well as investment and growth in Industry and Service sectors with focus on Small and Medium Scale Enterprises. However, the prospect of the optimistic ERGP seems bleak on the basis of a historical lack of consistency, continuity, and commitment to established policies/programmes; especially as the 2019 elections draws nearer. Thus, the government should strengthen its programme implementation mechanism to improve monitoring of individual programmes in the ERGP and ensure its sustainability especially after 2018.



## Portfolio Investment

Total portfolio investment transactions at the Nigeria Stock Exchange decreased marginally (Month-on-Month) by 0.58 percent to N95.32 billion in January 2017<sup>2</sup>. Domestic investment accounted for 53.8 percent while foreign portfolio investment accounted for 46.2 percent of total investment. The underperformance of foreign portfolio investment in the review month may be driven by uncertainty associated with delay in policy direction of the government, unattractive real returns on short-term government securities, and uncertainty in the forex policy. Going forward, ensuring credibility in the free floating exchange rate policy in addition to making real return-on-investment attractive remains critical towards enhancing investors' confidence and improve foreign portfolio investment in the economy.



## External Reserve

Nigeria's external reserve rose to its 19-month high in the week under review (March 3, 2017 to March 10, 2017). Precisely, the reserve improved by a daily average-percentage-increase of 0.21 percent, from \$29.79 billion on March 3, 2017 to \$30.04 billion on March 10, 2017<sup>3</sup> – the highest level since August 2015. The rising reserve at the backdrop of steady revenue from improved domestic crude oil production/prices and forex inflows from rising exports, has reduced pressure on the Naira – the naira has witnessed marginal but steady appreciation. While the recent improvement in oil revenue is a welcome development, concerted efforts need be made to develop the Non-oil sector so as to mitigate future oil revenue shocks.



## Stock Market

Stock market indices moved upwards in the review week (March 3, 2017 to March 10, 2017). All Share index and Market Capitalization rose week-on-week by 0.9 percent to 25,238.01 points and N8.734 trillion respectively<sup>4</sup>. The stock market buying volume stood at 69 percent and selling position at 31 percent. The bullish performance was driven by gains from highly capitalized stocks (Nestle, Dangote, Unilever) in addition to impressive earnings reports released in the review week (by Access and Guarantee Trust Bank)<sup>5</sup>. In addition, the release of the ERGP which for the first time shows government plans to rescue the economy out the recession, may have spurred positive market sentiments. Going forward, regular updates on the progress of the ERGP could significantly contribute to sustaining investors' optimism/confidence and a bullish stock market.



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

## ECONOMIC INDICATORS

<b>QUARTERLY ECONOMIC INDICATORS</b>	<b>2016Q2</b>	<b>2016Q3</b>	<b>2016Q4</b>
<b>GDP Growth Rate (%)</b>	-2.06	-2.24	-1.30
<b>Oil GDP (%)</b>	-17.48	-22.01	-12.38
<b>Non-Oil GDP (%)</b>	-0.38	0.03	-0.33
<b>Unemployment Rate (%)</b>	13.10	13.9	NA
<b>Underemployment Rate (%)</b>	19.30	19.7	NA
<b>Foreign Direct Investment (US \$'Million)</b>	184.29	340.64	344.63
<b>Portfolio Investment (US \$'Million)</b>	337.31	920.32	284.22
<b>Other Investments (US \$'Million)</b>	520.57	561.16	920.03
<b>Total Revenue (FG) (N' Billion)</b>	977.82	1,185.52	NA
<b>Total Expenditure (FG) (N' Billion)</b>	1,407.38	1,344.71	NA
<b>FG Fiscal (Deficit)/Surplus (N' Billion)</b>	-429.56	-159.19	NA
<b>MONTHLY ECONOMIC INDICATORS</b>	<b>Nov-2016</b>	<b>Dec-2016</b>	<b>Jan-2017</b>
<b>Headline Inflation (%)</b>	18.5	18.55	18.72
<b>Food Sub-Index (%)</b>	17.2	17.4	17.82
<b>Core Sub-Index (%)</b>	18.2	18.1	17.90
<b>External Reserve (US\$ Million)</b>	25,081.22	26,990.58	NA
<b>All Share Index (Points)</b>	25,333.39	26,874.62	26,036.24
<b>Market Capitalization (N' Billion)</b>	8,720.80	9,246.92	8,972.99
<b>Exchange Rate (BDC - N/US\$)</b>	415.36	455.26	493.29
<b>Official Rate (N/US\$)</b>	305.18	305.22	305.20
<b>Manufacturing PMI</b>	46.00	52.00	48.20
<b>Non-Manufacturing PMI</b>	42.80	47.10	49.40
<b>Crude Oil Price(US\$/Barrel)</b>	45.25	53.48	NA
<b>Petrol (PMS - N/litre)</b>	146.7	146.7	148.7
<b>Diesel (AGO - N/litre)</b>	195.67	196.25	240.52
<b>Kerosene (NHK - N/litre)</b>	282.86	231.85	433.84
<b>MPR (%)</b>	14	14	14
<b>Private Sector CRR (%)</b>	22.5	22.5	22.5
<b>Public Sector CRR (%)</b>	22.5	22.5	22.5
<b>91 Day T-Bill Rate (%)</b>	13.99	13.96	13.95
<b>Savings Deposit (%)</b>	4.28	4.18	4.22
<b>Prime Lending (%)</b>	17.06	17.09	16.91
<b>Maximum Lending (%)</b>	28.53	28.55	28.88
<b>Exports (FOB) (US\$ Million)</b>	2,871.23	2,880.83*	NA
<b>Imports (CIF) (US\$ Million)</b>	3,134.96	2,695.10*	NA
<b>Imports (FOB) (US\$ Million)</b>	2,937.15	2,539.91*	NA
<b>Total Trade (US\$ Million)</b>	6,006.19	5,575.94*	NA
<b>Balance of Trade (US\$ Million)</b>	-263.72	185.73*	NA
<b>Currency in Circulation (N'Billion)</b>	1,907.86	2,179.17	1,994.58
<b>FAAC (N' Billion)</b>	386	400	465*

\*Provisional Figures (Subject to change)

NA: Not Available

<sup>1</sup> Ministry of Budget and National Planning (2017). “ECONOMIC RECOVERY & GROWTH PLAN 2017-2020”. Retrieved from,

<http://www.nationalplanning.gov.ng/images/docs/ERGP%20%20CLEAN%20COPY.pdf>

<sup>2</sup> Nigeria Stock Exchange (2017). “DOMESTIC & FOREIGN PORTFOLIO PARTICIPATION IN EQUITY TRADING – January 2017”. Retrieved from, [http://www.nse.com.ng/market\\_data-site/other-market-information-](http://www.nse.com.ng/market_data-site/other-market-information-site/FPI%20Report/Domestic%20and%20FPI%20Report%20January%202017.pdf)

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<sup>3</sup>cbn.gov.ng

<sup>4</sup>Nigeria Stock Exchange (2017). “STOCK MARKET REPORT FOR MARCH 10TH, 2017”. Retrieved from, [http://www.nse.com.ng/market\\_data-site/other-market-information-](http://www.nse.com.ng/market_data-site/other-market-information-site/Week%20Market%20Report/Weekly%20Market%20Report%20for%20the%20Week%20Ended%2010-03-2017.pdf)

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<sup>5</sup>Trw Stock Brokers (2017). “Looking To More Positive Earnings To Support Market Uptrend”.

Accessed March 14, 2017. <https://trwstockbrokers.wordpress.com/page/3/>