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Gross Domestic Product

Data from the National Bureau of Statistics (NBS) shows a much more progressive Year-on-Year and Quarter-over-Quarter real GDP growth rates in 2017Q1. In real terms, the economy contracted at 0.52 per cent in Q1 2017¹ which represents a marginal improvement of 0.15 percentage point, year-on-year. In nominal terms, GDP grew by 17.06 percent to N26 trillion. Relative to the preceding quarter, the Non-oil sector grew by 0.72% in 2017Q1 and contributed 91.1% to GDP – driven by a rebound in activities across Non-oil sub-sectors (Manufacturing, Agriculture, and Information and technology). This is however consequent upon positive effects of CBN's forex management. Similarly, amid year-on-year contraction by 11.64%, the Oil sector grew by 6.06% compared to 2016Q4, and contributed 8.9% to GDP. The growth may likely be attributable to a four-percent (quarter-on-quarter) crude oil output increase in 2017Q1. Despite, the recent slow and gradual rebound in output growth, the path to full recovery is still fragile and requires sound policies that can restore confidence in the financial and exchange rate market, enhance agricultural value chains to foster job creation, boost energy infrastructure, promote monetary and fiscal effectiveness, and maintain societal and political harmony in the country.

Monetary Policy

At the conclusion of the monetary policy committee (MPC) meeting held on 22-23 May 2017, all parameters remained unchanged² – thus maintaining the trend (restrictive monetary policy) since July 2016. Specifically, policy parameters are retained at MPR 14%; CRR 22.5%; Liquidity Ratio 30% and Asymmetric corridor +200 and -500 basis points around the MPR. The decision by the apex bank to maintain status-quo is at the backdrop of recent slow-down in inflation, relative exchange rate stability and prospect of improvements in foreign investment flows – which likely suggests growing optimism about the gradual crystallization of the restrictive policy. However, the MPC is still silent about exchange rate policy. More can be achieved from a clear exchange rate policy that eliminates current multiple exchange rates experience. Essentially, exchange rate policy that operates on a functional market mechanism and unrestricted capital mobility is highly warranted.

Capital Importation

Provisional data from the Nigeria Bureau of Statistics shows a capital importation of about \$908.27 million in Q1 2017³ - indicating 27.8 percent year-on-year increase. The year-on-year increase, largely driven by improvement in 'Other investment', shows a remarkable contribution from Loans sub-component (96.4%). Further breakdown of capital importation by type of investment, reveals other investment, portfolio and foreign direct investment contributed 42.2%, 34.5% and 23.3% respectively to total capital importation. While there was a year-on-year capital importation surge in the period under review, report on quarter-over-quarter however showed a decline by 41.4%. Going forward, strategic initiatives that restore output growth and enhance recovery, as well as reforms that promote the market system, stability in the political space and macro-policy environment remain critical to capital inflows and investment in the economy.

Private Sector Credit

Selected financial data reveals quarter-on-quarter marginal decrease in sectoral allocation of banking sector credit in 2017Q1. Total credit decreased slightly by 0.7 percent to N16 trillion⁴. Sectoral credit allocation was in the order: Services₂ (57.8%), Industries₃ (38.7%) and Agriculture (3.5%). Within the subsectors, Oil and gas (30.4%) and Manufacturing (13.4%) received the highest credit allocation. The low credit supply to agriculture signals the sector's unattractiveness to the investors and may drag the development of the sector and by extension, the diversification agenda of the government. Therefore, there is need to institute plans and strategies that would make agriculture investment attractive to investors. In this regard, initiatives that promote large-scale farming and agricultural value chains should be encouraged.



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	NA	NA
Underemployment Rate (%)	19.7	NA	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	NA
Domestic Debt (FGN - N'Billion)	10,845.22	11,058.20	NA
Manufacturing Capacity Utilisation (%)	48.4	48.5	NA
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	496.39	NA

*Revised GDP figures

NA: Not Available

¹National Bureau of Statistics (2017). “Nigerian Gross Domestic Product Report (Q1 2017)”. Retrieved from, <http://www.nigerianstat.gov.ng/report/559>

²CBN (2017). “Central Bank of Nigeria Communiqué No 113 of The Monetary Policy Committee Meeting Of 22nd And 23rd May 2017”. Retrieved from, <http://www.cbn.gov.ng/Out/2017/MPD/Central%20Bank%20of%20Nigeria%20Communique%20No%20113%20of%20the%20Monetary%20Policy%20Committee%20Meeting%20of%2022nd%20and%2023rd%20May%202017.pdf>

³National Bureau of Statistics (2017). “Nigerian Capital Importation Report Q1 2017”. Retrieved from, <http://www.nigerianstat.gov.ng/report/560>

⁴National Bureau of Statistics (2017). “Selected Banking Sector Report Q1 2017”. Retrieved from, <http://www.nigerianstat.gov.ng/report/561>

₁There was a high-profile sale of bonds denoted in a non-local currency during the quarter, but this has not yet appeared in the data.

₂Industry consist of Mining & Quarrying, Manufacturing, Oil & Gas, Power and Energy.

₃Services consist Construction, Trade/General Commerce, Government, Real Estate, Finance, Insurance and Capital Market, Education, Oil & Gas, Power and Energy, General Information & Communication, Transportation & Storage, Others.