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Inflation

Consumer Price Index, measure for Inflation rate decreased Year-on-Year, for the fourth consecutive month in May 2017: from 17.24 percent recorded in April 2017, to 16.25 percent¹. Both food and core sub-components of the CPI fell concurrently in the review month. Food sub-index dropped marginally from 19.30 percent to 19.27 percent; and the core sub-index decreased by 1.8 percentage points to 13 percent. The relatively low pressure on consumer prices has been affected by moderations in exchange rates, consequently reducing prices of imported and domestic food and other items. Going forward, continuous improvement in the supply side of the economy is critical towards managing the inflationary pressure. Essentially, the recent positive growth experience in the agricultural sector should be complemented by initiatives that foster improved productivity in the industrial sector in order to reduce the country's dependence on importation as well as improve self-sustenance.



Crude Oil

OPEC monthly oil market report shows that Nigeria crude oil production rose to 1.68 million barrels per day in May 2017² – 11.3 percent increase from the 1.51 million barrels recorded in April 2017. This may partly be attributable to resumption of crude oil loadings at Forcados terminal³ in the review month –The terminal had ceased operations for all but a few weeks in October, following severe militant attacks in February 2016. The recent improvement in Nigeria's crude oil production should boost forex reserves and spur some level of confidence in the nation's monetary and exchange rate policies, as well as provide the country with additional buffers against any economic distress in the near term.



Revenue Generation

Recently media highlight reveals that Nigeria's tax agency, Federal Inland Revenue Service (FIRS) made a remarkable year-on-year improvement in Non-oil revenue generation in 2017Q1. The revenue performance shows that N778.2 billion was generated, as against the N564 billion recorded in the corresponding quarter⁴ – indicating a 38 percent increase. Relative to 2016Q1, further analysis shows significant boost in Petroleum Profit Tax (91.5% to N338.3 billion), Value Added Tax (11.4% to N221 billion), Education Tax revenue (from N8.2 billion to N33.9 billion) amongst others. Going forward, the Nigerian government should continue to invest in strengthening its revenue-collection agencies as domestic resource mobilization (via taxes) can potentially provide the biggest source of long-term financing for sustainable development – serving as an antidote to the nation's long-term aid dependency.



Foreign Reserves

The external reserves decreased week-on-week marginally by 0.2 percent from June 9, 2017 to June 16, 2017⁵. The reserve declined from \$30.27 billion to \$30.21 billion. Given that crude oil revenue constitutes the most part of the reserve, the decline may be reflective of the week-on-week drop in global crude oil price (Crude oil price fell by approximately 2 percent⁶ to \$47.37⁷ per barrel as at June 16 2017). The ongoing forex intervention by the monetary authority also poses a challenge to foreign reserve conservation. Given the unimpressive performance of global oil prices in recent time, there is need to explore other areas with great potentials to generate foreign exchange earnings. Diversification of forex earnings remains the key to insulating foreign reserve against fluctuations in global commodity prices. The country can tap into solid minerals sector as alternative source of foreign exchange. Huge investment together with investor-friendly policies in solid minerals would make the sector attractive to investors.



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	14.2	NA
Underemployment Rate (%)	19.7	21.0	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	Mar-2017	Apr-2017	May-2017
Headline Inflation (%)	17.26	17.24	16.25
Food Sub-Index (%)	18.44	19.30	19.27
Core Sub-Index (%)	15.40	14.80	13.00
External Reserve (US\$ Million)	29,996.38	30,749.28	NA
All Share Index (Points)	25,516.34	25758.51	NA
Market Capitalization (N' Billion)	8,828.96	8912.90	NA
Exchange Rate (BDC - N/US\$)	429.48	392.89	384.48
Official Rate (N/US\$)	306.4	306.05	305.54
Manufacturing PMI	47.7	51.1	52.5
Non-Manufacturing PMI	47.1	49.5	52.7
Crude Oil Price(US\$/Barrel)	52.13	52.94	50.57
Petrol (PMS - N/litre)	149.4	149.9	150.57
Diesel (AGO - N/litre)	234.55	229.25	216.3
Kerosene (NHK - N/litre)	311.56	280.80	303.29
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 (%)	13.60	13.58	NA
Savings Deposit (%)	4.23	4.24	NA
Prime Lending (%)	17.43	17.44	NA
Maximum Lending (%)	30.18	30.31	NA
Narrow Money (N'Billion)	9,955.24	9,760.42	NA
Broad Money (N'Billion)	22,024.98	21,712.98	NA
Net Domestic Credit (N'Billion)	27,472.69	27,534.71	NA
Credit to Government (N'Billion)	5,199.69	5,591.83	NA
Credit to Private Sector (N'Billion)	2,227.30	2,194.29	NA
Currency in Circulation (N'Billion)	1,983.63	1,975.81	NA
FAAC (N' Billion)	496.39	NA	NA

*Revised GDP figures

NA: Not Available

¹National Bureau of Statistics (2017). “CPI and Inflation Report May 2017”.

Retrieved from, <http://www.nigerianstat.gov.ng/report/569>

²OPEC (2017). “Monthly Oil Market Report: June 2017”. Retrieved from,

http://www.opec.org/opec_web/static_files_project/media/downloads/publications/MOMR%20June%202017.pdf

³Oglinks.news (2017). “Loadings of Nigeria's Forcados resume”. Accessed June 21, 2017.

<https://oglinks.news/article/36f714/loadings-of-forcados-resume>

⁴Vanguard (2017). “FIRS generates N778bn in first quarter 2017”. Retrieved from,

<http://www.vanguardngr.com/2017/06/firs-generates-n778bn-first-quarter-2017/>

⁵CBN (2017). “Movement in Reserves”. Accessed June 21, 2017.

<https://www.cbn.gov.ng/IntOps/Reserve.asp?MoveDate=6/21/2017%204:03:10%20AM>

⁶Reuters (2017). “Oil rises as Nigerian pipeline leak overshadows supply worries”. Accessed June

21, 2017. <http://www.reuters.com/article/us-global-oil-idUSKBN19002R>

⁷Reuters (2017). “Oil prices edge up; still near 2017 lows on stubborn glut”. Accessed June 21,

2017. <https://www.reuters.com/article/us-global-oil-idUSKBN19703Z>