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Sectoral GDP Growth Rate

Recently released GDP figures reveals that the three major sectors recorded positive and negative growth rates individually in 2017Q2¹. Firstly, Agricultural sector grew YOY by 3.01 percent, down from 3.39 percent in 2017Q1- driven by weaker output in crop production and Fishing sub-sectors. This is not unconnected with the planting season² and the shortage of grains³ for livestock/fish respectively. Secondly, Industries grew in real terms from -5.83 percent to 1.45 percent- triggered by the oil sector under crude petroleum (from -15.40% to 1.65%) and oil refining (3.01% to 11.28%) sub-sectors. Notably, this was the major driver of the 2017Q2 real GDP growth rate of 0.55 percent. Lastly, Services sector grew YOY by -0.85%, down from -0.37% in 2017Q1- driven mainly by the electrical, gas and steam (from -5.95% to 35.5%) and financial (from 0.67% to 10.5%) subsectors. Going forward, relentless effort towards ensuring enabling and more favorable business environment is required to strengthen the seemingly improved sectoral performance, especially the industrial sector.

Crude Oil Price

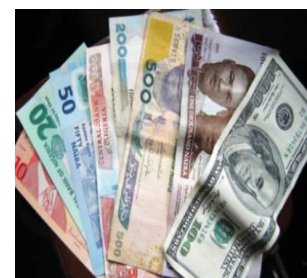
Global crude oil (Brent) price rose to \$54.74 per barrel on September 8, 2017⁷ – the highest in four months, due to supply disruptions. Nigeria's benchmark crude, Bonny light, increased week-on-week by 6 percent, to \$55.15 per barrel⁸. Albeit threatening demand, successive natural disasters also plunged supply, as Hurricane Harvey shut a quarter of U.S. refining capacity and reduced local crude production by 8 percent⁹. This was followed by the recent Hurricane Isma which could interrupt crude shipments in and out of the U.S.¹⁰. Furthermore, the increase in price was also triggered by prospects of production cut from Saudi Arabia (to reduce production by 350,000 barrels per day)¹¹. To minimize the impact of volatilities in oil prices on the domestic economy, going forward, Nigerian economy needs to move from a basic resource-based to a knowledge-based and innovation-driven economy. For instance, by adding value through science and technology to the abundant solid mineral deposits in Nigeria (which are all available in commercial quantities), Nigeria can diversify its revenue sources and build wealth.

Exchange Rate

The foreign exchange market had unchanged rates in the week under review. The interbank (NIFEX) and parallel markets exchanged the naira at N327.87/\$⁴ and N365/\$⁵ respectively- remaining unchanged from the preceding week. This is despite the Central Bank of Nigeria (CBN) most recent injection of \$250 million into various segments of the interbank foreign exchange market⁶. Given the recent inefficacy of CBN's continuous intervention to improve the value of naira in the forex market, it is necessary for the apex bank to limit its heavy presence in forex market and allow exchange rate market operate based on market forces. This would preserve continuous depletion of foreign reserves and improve foreign investors' confidence.

Stock Market

The Nigeria Stock Exchange (NSE) market recorded a slight boost in market indices following a preceding bearish week. The All-share Index (ASI) added 452.62 points to end the week (September 8, 2017) at 35,957.24 points¹². Similarly, Market capitalization rose by 1.23 percent to N12.39 trillion. The increase was driven by equity turnover volume and increased equity value of the financial services sector as well as consumer goods and oil and gas sectors respectively. Also, investors' confidence may have been triggered and influenced positively by the improved GDP report released in the week. Thus, the bullish week indicates investors' position in taking advantage of favorable economic performance. Going forward, the recent uptick in investor's appetite for equity investment in Nigeria performance is likely to continue on account of the: stability in the macroeconomic environment and improved outlook on the economy; increased supply of foreign exchange, especially through the I&E forex window; increase in the weights of some NSE companies quoted on Morgan Stanley Composite Index.



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	NA
Domestic Debt (FGN - N'Billion)	11,058.20	11,971.34	NA
Manufacturing Capacity Utilisation (%)	48.5	53.7	NA

MONTHLY ECONOMIC INDICATORS

	May-2017	June-2017	July-2017
Headline Inflation (%)	16.25	16.1	16.05
Food Sub-Index (%)	19.27	19.91	20.28
Core Sub-Index (%)	13.00	12.5	12.2
External Reserve (US\$ Million)	29,811.85	30,340.96	30,898.96
All Share Index (Points)	29,498.31	33,117.48	36,864.71
Market Capitalization (N' Billion)	10,197.73	11,452.12	12,705.45
Exchange Rate (BDC - N/US\$)	384.48	366.25	365.38
Official Rate (N/US\$)	305.54	305.72	305.86
Manufacturing PMI	52.5	52.9	54.1
Non-Manufacturing PMI	52.7	54.2	54.4
Crude Oil Price(US\$/Barrel)	50.57	47.42	49.01
Petrol (PMS - N/litre)	150.57	150.3	148.2
Diesel (AGO - N/litre)	216.3	210.42	197.6
Kerosene (NHK - N/litre)	303.29	287.3	280.5
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	13.5	13.46
Savings Deposit (%)	4.08	4.08	4.08
Prime Lending (%)	17.58	17.59	17.65
Maximum Lending (%)	30.75	30.94	30.94
Narrow Money (N'Billion)	10,184.90	9,883.82	10,325.98
Broad Money (N'Billion)	21,975.34	21,674.21	22,200.32
Net Domestic Credit (N'Billion)	26,758.77	26,921.03	27,160.16
Credit to Government (N'Billion)	4,828.05	4,942.47	4,987.79
Credit to Private Sector (N'Billion)	2,193.07	2,197.86	2,217.24
Currency in Circulation (N'Billion)	1,897.92	1,873.54	1,769.75
FAAC (N' Billion)	418.8	462.4	652.2

*Revised GDP figures

NA: Not Available

¹National Bureau of Statistics (2017). "Nigerian Gross Domestic Product Report (Q2 2017)". Retrieved from, <http://nigerianstat.gov.ng/elibrary>

²Planting Season in Nigeria begins within the months of May and June

³PWC (2017). “Nigeria Economic Alert Nigeria’s Q2’17 GDP: from recession to recovery”.

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⁴FMDQ (2017). “Market Data & Information”. Accessed September 11, 2017.

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⁵Abokifx (2017). “Lagos Black Market Rate”. Accessed September 11, 2017.

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⁶ This Day (2017). “CBN Injects Additional \$250m into Forex Market”. Accessed September 12,

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⁷The Week (2017). “Oil price: WTI steady as Brent rises on hopes of Saudi output cut”. Accessed

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⁸cbn.gov.ng

⁹Reuters (2017). “U.S. oil slides 3 percent as Irma threatens demand”. Accessed September 13,

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¹⁰Reuters (2017). “Oil mixed, Brent rises as Irma casts shadow over Harvey recovery”.

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¹¹ The Week (2017). “Oil price: WTI steady as Brent rises on hopes of Saudi output cut”.

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¹²NSE (2017). “Stock Market Report for September 8th 2017”. Retrieved from,

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