

Economic Growth

International rating body, Fitch, has projected higher economic growth for Nigeria in 2018. The body estimated that Nigeria's economy will grow by 2.6 percent¹, slightly higher compared to projections from the International Monetary Fund (2.1 percent) and The World Bank (1 percent). A myriad of factors may have driven the projected increase: improved availability of forex for the non-oil sector, higher government capital expenditure capability driven by more oil revenue, and fiscal stimulus. However, the relatively strong economic growth projected by Fitch and IMF may be hampered by the recent lingering fuel crisis as well as security threats from herdsmen-communities clash in some states in Nigeria. These occurrences have a destabilizing effect on both industrial and agricultural production with large negative consequences on the aggregate output.



Crude Oil

Crude oil price reached a remarkable level in the review week. A barrel of global crude benchmark, Brent was sold for approximately \$70², up by 3 percent (week-on-week). Nigeria's Bonny light exchanged for \$70.33/ barrel³. This price level has never been recorded since the global crude market crash in 2014. Recent optimism that cut agreements in 2017 would hold throughout 2018, alongside healthy global demand⁴, have positively affected crude oil prices. Thus, increasing prices indicate that market surpluses have been reducing, however the market is not balanced and has not yet reached its pre-2014 high price levels. Going forward, Nigeria would have to leverage the growing prices of oil in the international market to keep up with the aspirations in its national budget.



Stock Market

The Nigeria Stock Exchange market has commenced the year 2018 with very impressive equity figures. For the week-on-week ended January 12, 2018, the bourse recorded 10 percent and 11 percent increases in twin market indices respectively— All Share Index and Market Capitalization. Both indices closed at 42,898.9 and N15.4 trillion respectively⁵. All other market indices except the NSE ASeM index, strengthened positively. The remarkable gains during the week indicate strong investor sentiments which may be linked to the market's outstanding 2017 performance⁶. An outlook of more favourable economic performance together with stability in the socio-economic environment would mitigate investment risks, improve investors' confidence, and strengthen the recent performance of the stock market.



ECONOMIC SNAPSHOT		
Quarterly Indicators	'17Q2	'17Q3
GDP Growth Rate (%)	0.72*	1.40
Oil GDP (%)	3.52*	25.89
Non-oil GDP (%)	0.45	-0.76
Unemployment Rate (%)	16.2	18.8
Foreign Direct Investment (US \$ Million)	274.4	117.60
Portfolio Investment (US \$Millions)	770.5	2,767.42
Other Investment (US \$Million)	747.5	1,260.08
External Debt (FGN & States- N'Billion)	4,602.88	4,693.91
Domestic Debt (FGN-N'billion)	15,034.11	15,678.0
Manufacturing Capacity utilization (%)	NA	NA
Monthly Indicators	Oct'17	Nov'17
Headline Inflation (%)	15.91	15.90
Food Sub-Index (%)	20.31	20.30
Core Sub-Index (%)	12.14	12.20
External Reserves (US\$ Million)	33,835.1	34,945.6
Official Rate (N/US\$)	305.8	306.0
BDC Rate (N/US\$)	362	364
Manufacturing PMI	55.0	55.9
Non-Manufacturing PMI	55.3	57.6
Crude Oil Price (US\$/Barrel)	48.66	52.07
Petrol (PMS-N/litre)	146.0	145.6
Diesel (AGO -N/Litre)	201.96	199.26
Kerosene (HHK -N/Litre)	273.44	267.14
MPR (%)	14	14
CRR (%)	22.5	22.5
91 Day T-Bill Rate (%)	13.18	13.05
Savings Deposit (%)	4.08	4.08
Prime Lending (%)	17.88	17.77
Maximum Lending (%)	31.39	30.95
Narrow Money (N'Billion)	10,393.06	10,115.05
Broad Money (N'Billion)	22,500.62	22,311.12
Net Domestic Credit (N'Billion)	27,174.81	26,349.07
Credit to the Government (N'Billion)	5,245.89	4,392.41
Credit to the Private Sector(N'Billion)	2,192.82	2,195.67
Currency in Circulation (N'Billion)	1,791.19	1,896.16
FAAC (N'Billion)	532.8	609.9

*Revised GDP figures/tentative figures

NA: Not Available

¹Vanguard (2018). “FITCH Predicts growth for Nigeria’s economy in 2018”. Accessed January 17, 2018. <https://www.vanguardngr.com/2018/01/fitch-predictes-growth-nigerias-economy-2018/>

²Y-Charts (2018). “Brent Crude Oil Spot Price”. Accessed January 17, 2018. https://ycharts.com/indicators/brent_crude_oil_spot_price

³cbn.gov.ng

⁴Reuters (2018). “Oil adds to rally, heads for fourth week of gains”. Accessed January 17, 2018. <https://uk.reuters.com/article/us-global-oil/oil-adds-to-rally-heads-for-fourth-week-of-gains-idUKKBN1F1057>

⁵Nigeria Stock Exchange (2018). “Stock Market Report for January 12TH 2018”. Retrieved from, http://www.nse.com.ng/market_data-site/other-market-information-site/Week%20Market%20Report/Weekly%20Market%20Report%20for%20the%20Week%20Ended%2012-01-2018.pdf

⁶TRWStokbrokers (2018). “Onyema Links Present Stock Market Rally To 2017 Outstanding Performance”. Accessed January 17, 2018. <https://trwstockbrokers.wordpress.com/>