

## Fiscal Focus

The federal government fiscal operations in 2017 shows that there were deficits for the four quarters recorded. The CBN report reveals that the federal government spent a total of N147.11 billion on capital expenditure in the four quarters<sup>1</sup> (including a 2016 fiscal year roll-over due to delay in approving the 2017 budget), and N3.64 trillion as recurrent expenditure in 2017. Capital releases suggest that only about 6.6 percent of budgetary amount of N2.24 trillion was spent in the fiscal year, while recurrent expenditure represented 72 percent of N5.06 trillion budgeted for the year. Nigeria's recurrent expenditure has always exceeded capital expenditure for infrastructure, however, the delay in the passage of the 2017 budget (in June 2017) may have triggered the slow-down in capital releases. Nonetheless, the 2017 budget is still being followed, given that the 2018 budget has not been passed. Going forward, the process of the 2018 budget release should be expedited, as delay in budget sends negative signals to foreign investors which could make them divert capital investment to other countries.



## Financial Management

Nigeria's pension fund asset management increased in the last quarter of 2017. Reported figures show that the asset stood at N7.52 billion<sup>2</sup>, about 4.9 quarter-over-quarter percentage increase. The total pension fund asset consists of the FGN bonds (53.8 percent), treasury bills (15.7 percent), and ordinary shares (8.9 percent), among others. The increase may have partly been effected by slight improvements in membership data during the period, as about 113,347 workers joined the scheme. The recent surge in the pension fund asset needs be effectively managed to improve confidence of the contributors to the fund and facilitate increased participation of workers in the scheme.



## External Sector

According to the newly released economic report by the CBN, total inflows of foreign exchange into Nigeria through the CBN increased in 2017Q4. Relative to the preceding quarter, foreign exchange inflows rose by 23 percent to \$14.7 billion in 2017Q4<sup>3</sup>. External factors contributed to the increase: improvements in oil receipts due to rise in global crude oil price (Bonny light exchanged at a quarterly average of \$62.5 per barrel) complimented by steady growth in domestic crude production; and increase in non-oil foreign receipts. Going forward, a more business-friendly environment and sustained increase in the global crude oil prices is critical to the improvement and sustenance of the foreign inflow.



## Power Sector

The power sector generated a total average of 94,627 MWh in the fourth quarter of 2017<sup>4</sup>, up by 15 percent from the 82,266 MWh recorded in the preceding quarter. Peak daily power generation of 105,152 MWh was attained in December, while lowest generation of 73,246 MWh was recorded in October. The increase likely reflects rise in gas supply occasioned by steady production and stable pipeline environment. This is in addition to positive effects of policy directives in the year 2017: disbursement of N152.974 billion to 23 power generation companies (Gencos)<sup>5</sup>, enactment of power sector recovery implementation program<sup>6</sup>, and increased transmission investments.



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	Nov'17	Dec'17
Headline Inflation (%)	15.90	15.37
Food Sub-Index (%)	20.30	19.42
Core Sub-Index (%)	12.20	12.10
External Reserves (US\$ Million)	34,945.6	NA
Official Rate (N/US\$)	306.0	NA
BDC Rate (N/US\$)	364	NA
Manufacturing PMI	55.9	59.3
Non-Manufacturing PMI	57.6	62.1
Crude Oil Price (US\$/Barrel)	52.07	56.83
Petrol (PMS-N/litre)	145.6	171.80
Diesel (AGO -N/Litre)	199.26	205.81
Kerosene (HHK -N/Litre)	267.14	284.30
MPR (%)	14	14
CRR (%)	22.5	22.5
91 Day T-Bill Rate (%)	13.05	13.05
Savings Deposit (%)	4.08	4.08
Prime Lending (%)	17.77	17.71
Maximum Lending (%)	30.95	30.99
Narrow Money (N'Billion)	10,115.05	11,036.35
Broad Money (N'Billion)	22,311.12	24,001.41
Net Domestic Credit (N'Billion)	26,349.07	25,863.28
Credit to the Government (N'Billion)	4,392.41	3,574.03
Credit to the Private Sector(N'Billion)	2,195.67	2,228.95
Currency in Circulation (N'Billion)	1,896.16	2,157.23
FAAC (N'Billion)	609.9	655.17

\*Revised GDP figures/tentative figures

NA: Not Available

- <sup>1</sup>CBN (2018). “*Economic Report Fourth Quarter 2017*”. Retrieved February 15, 2018.  
<https://www.cbn.gov.ng/Out/2018/RSD/CBN%20ECONOMIC%20REPORT%20FOURTH%20QUARTER%20%20%202017%20Published.pdf>
- <sup>2</sup>National Bureau of Statistics (2018). “Pension Asset and Membership Data Q4 2017”. Retrieved from, <http://nigerianstat.gov.ng/elibrary>
- <sup>3</sup> CBN (2018). “*Economic Report Fourth Quarter 2017*”. Retrieved February 15, 2018.  
<https://www.cbn.gov.ng/Out/2018/RSD/CBN%20ECONOMIC%20REPORT%20FOURTH%20QUARTER%20%20%202017%20Published.pdf>
- <sup>4</sup> National Bureau of Statistics (2018). “Power Sector Report: Energy Generated and Sent Out and Consumed and Load Allocation (Q4 2017)”. Retrieved from, <http://nigerianstat.gov.ng/elibrary>
- <sup>5</sup>This Day (2018). “Gencos Gulpes N152.9bn of CBN’s N701bn Power Sector Fund in 7 Months”. Accessed February 15, 2018. <https://www.thisdaylive.com/index.php/2018/01/21/gencos-gulpes-n152-9bn-of-cbns-n701bn-power-sector-fund-in-7-months/>
- <sup>6</sup> PWH (2018). “Power Sector Recovery Implementation Program”. Retrieved from, <http://pwh.gov.ng/download/14991674947496.pdf>