

## Debt Profile

Nigeria's debt profile reached unprecedented high levels at the end of the year 2017. Figures obtained from the debt management office reveals that debt stock increased Year-on-Year by a significant 42.6 percent and Quarter-over-Quarter by 6.6 percent to N21.73 trillion as at December 2017<sup>1</sup>. Domestic and foreign components of the debt profile grew to N3.35 trillion and N18.38 trillion respectively. The increased debt profile may have been triggered by domestic and foreign borrowings to fund Nigeria's budget deficit, and excessive debt servicing costs – Nigeria serviced domestic debts to the tune of N1.48 trillion in 2017<sup>2</sup>, about 29.13 percent of its total budget revenue. Implicatively, Nigeria's debt to GDP ratio continues to increase, from 18.6 percent in 2016 to 21 percent. Going forward, new debt should be judiciously invested in infrastructure that can support industrial activities in order to improve government revenue-generation, which could improve prospects for future debt servicing.



## Inflation

February inflation rate shows a thirteenth consecutive month of decline in inflation, from 15.13 percent in January 2018, to 14.33 percent<sup>3</sup>. Food inflation dropped Month-on-Month marginally by 0.93 percent to reach 17.59 percent; a decline for the third consecutive month. Food prices may have dropped due to exchange rate pass through effects on imported food items, given the moderation and stability in exchange rate during the review month. Core inflation fell from 12.1 percent to 11.7 percent, on the back of a MOM decline in energy prices. The price of petrol dropped by 9.65 percent in the month; thus also reducing local transportation cost of domestic food items. Sustaining local food production as well as foreign exchange accessibility (in addition to effective tackling of structural factors that affect the price level) remains critical to moving towards a single-digit inflation in the near term.



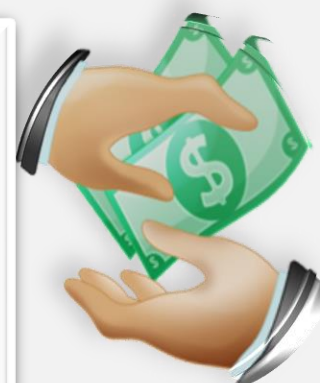
## Petroleum Products

Average prices of petroleum products declined in February 2018. Compared to the previous month, prices of Petrol fell by 9.65 percent to N172.5 per litre<sup>4</sup>; similarly, prices of Diesel (AGO) and Kerosene (HHK) reduced by 1.84 and 0.10 percent to N209.89<sup>5</sup> and N288.57<sup>6</sup> respectively. Prices were drawn down as a result of availability of petroleum products, following the NNPC's efforts to sanitize fuel supply and distribution system and eliminate queues. Specifically, NNPC increased supply of petrol from 80 million litres per day to 100 million litres per day in February<sup>7</sup>, and arrested erring marketers and fuel hawkers<sup>8</sup>. Going forward, efforts aimed at minimizing the diversion of petroleum products to neighboring countries by marketers can help improve local supply of petroleum products and support further reduction in the average prices of petroleum products.



## Exchange Rate

Week-on-Week analysis of exchange rate of the Naira-to- Dollar shows a depreciation of the naira. The naira exchanged for N363/\$, a very marginal decrease from N362/\$ exchanged in the preceding week at the parallel market<sup>9</sup>. The interbank market rate remained unchanged in the analyzed week. The depreciation is rather marginal and can be seen as a moderation, however, the CBN's injection of \$210 million into the forex market<sup>10</sup> in the week suggests that forex demand may have slightly exceeded supply at the time. Non-oil export promotion remain vital to the appreciation of the naira in a sustainable manner.



ECONOMIC SNAPSHOT		
Quarterly Indicators	'17Q3	'17Q4
GDP Growth Rate (%)	1.40	1.92
Oil GDP (%)	25.89	8.38
Non-oil GDP (%)	-0.76	1.45
Unemployment Rate (%)	18.8	NA
Foreign Direct Investment (US \$ Million)	117.60	378.41
Portfolio Investment (US \$Millions)	2,767.42	3,477.53
Other Investment (US \$Million)	1,260.08	1,526.92
External Debt (FGN & States- N'Billion)	4,693.91	NA
Domestic Debt (FGN-N'billion)	15,678.0	NA
Manufacturing Capacity utilization (%)	NA	NA
Monthly Indicators	Dec'17	Jan'18
Headline Inflation (%)	15.37	15.13
Food Sub-Index (%)	19.42	18.92
Core Sub-Index (%)	12.10	12.10
External Reserves (US\$ Million)	NA	NA
Official Rate (N/US\$)	NA	NA
BDC Rate (N/US\$)	NA	NA
Manufacturing PMI	59.3	57.3
Non-Manufacturing PMI	62.1	58.5
Crude Oil Price (US\$/Barrel)	56.83	NA
Petrol (PMS-N/litre)	171.80	190.90
Diesel (AGO -N/Litre)	205.81	213.82
Kerosene (HHK -N/Litre)	284.30	288.85
MPR (%)	14	14
CRR (%)	22.5	22.5
91 Day T-Bill Rate (%)	13.05	12.27
Savings Deposit (%)	4.08	4.07
Prime Lending (%)	17.71	17.50
Maximum Lending (%)	30.99	31.39
Narrow Money (N'Billion)	11,036.35	10,779.9
Broad Money (N'Billion)	24,001.41	23,831.92
Net Domestic Credit (N'Billion)	25,863.28	25,846.38
Credit to the Government (N'Billion)	3,574.03	3,857.43
Credit to the Private Sector(N'Billion)	2,228.95	2,198.90
Currency in Circulation (N'Billion)	2,157.23	1,945.44
FAAC (N'Billion)	655.17	636

\*Revised GDP figures/tentative figures

NA: Not Available

<sup>1</sup>Debt Management Office (2018). "Nigeria's Public Debt Stock as at December 31, 2017". Retrieved from, <http://www.dmo.gov.ng/debt-profile/total-public-debt/2380-total-public-debt-as-at-31st-december-2017/file>

<sup>2</sup>Leadership (2018). "FG Spends N1.47trn Servicing Domestic Debt". Accessed March 19, 2018. <https://leadership.ng/2018/03/19/fg-spends-n1-47trn-servicing-domestic-debt/>

<sup>3</sup>National Bureau of Statistics (2018). "CPI and Inflation Report February 2018". Retrieved from, <http://nigerianstat.gov.ng/elibrary>

<sup>4</sup> National Bureau of Statistics (2018). "Premium Motor Spirit (Petrol) Price Watch (February 2018)". Retrieved from <http://nigerianstat.gov.ng/elibrary>

<sup>5</sup> National Bureau of Statistics (2018). "Automotive Gas Oil (Diesel) Price Watch (February 2018)". Retrieved from, <http://nigerianstat.gov.ng/elibrary>

<sup>6</sup> National Bureau of Statistics (2018). "National Household Kerosene Price Watch (February 2018)". Retrieved from, <http://nigerianstat.gov.ng/elibrary>

<sup>7</sup>NNPC (2018). "Fuel Queues: NNPC Programmes Two Cargoes per Day for February". Accessed March 20, 2018. <http://www.nnpcgroup.com/PublicRelations/NNPCinthenews/tabid/92/articleType/ArticleView/articleId/963/Fuel-Queues-NNPC-Programmes-Two-Cargoes-per-Day-for-February.aspx>

<sup>8</sup> NNPC (2018). "NNPC Cracks Down on Erring Marketers, Fuel Hawkers". Accessed March 20, 2018. <http://nnpcgroup.com/PublicRelations/NNPCinthenews/tabid/92/articleType/ArticleView/articleId/961/NNPC-Cracks-Down-on-Erring-Marketers-Fuel-Hawkers.aspx>

<sup>9</sup>Abokifx (2018). "Lagos Black Market Rate". Accessed March 20, 2018. [https://abokifx.com/ratetypes/?rates=lagos\\_previous](https://abokifx.com/ratetypes/?rates=lagos_previous)

<sup>10</sup>Vanguard (2018). "CBN injects another \$210m into foreign exchange market". Accessed March 20, 2018. <https://www.vanguardngr.com/2018/03/cbn-injects-another-210m-foreign-exchange-market/>