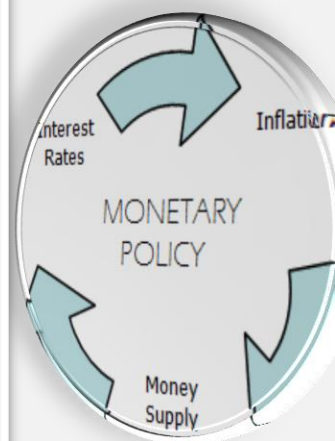


Monetary Policy

Nigeria's Apex bank held the first meeting of its reconstituted Monetary Policy Committee (MPC) for the year 2018. Following a detailed review of domestic macroeconomic events, the MPC deemed it fit to retain all rates: MPR at 14% (which has remained at a record high of 14 percent since July 2016), CRR 22.5%, Liquidity Ratio 30% and Asymmetric corridor at +200 and -500 basis points around the MPR¹. The unchanged monetary policy can be attributed to the MPC's satisfaction with the continued moderation in economic indices as well as the gradual return to macroeconomic stability. Going forward, fiscal policy authorities should consolidate these positive outcomes given monetary policy inaction.



Taxation

The Central Bank's statistical bulletin shows a remarkable increase in revenue from Company Income Tax (CIT) in 2017. Relative to the preceding year, aggregate CIT almost doubled, grew from N856 billion, to N1.206 trillion². This year-on-year growth is likely connected to the efforts put in by the government to widen tax base and improve collection and compliance measures. On the supply side, improvements in production levels as well as reduction in some of the several operation constraints, bolstered revenue of the firms; thus the capacity to pay increased CIT³. This rise in CIT will provide the government with the much-needed revenue to fund the proposed 2018 budget. Going forward, we expect a continuous rise in the CIT given that the deadline for the Voluntary Assets and Income Declaration Scheme (VAIDS) has been extended to 30 June 2018.



Portfolio Investment

The Nigeria Stock Exchange market recorded a decrease in total portfolio transactions for the month of February 2018, compared to January 2018. Total transactions fell significantly by 46.2%, from N394.4 billion to N212.05 billion⁴. Both foreign and domestic investment declined in the review month, and domestic investors outperformed foreign investors by 21.5%. The 2018 early signs of decline in portfolio investment does not commemorate with forecasts of tremendous portfolio investment increase in 2018⁵. Going forward, enhancing Nigeria's business environment is critical to improving and sustaining long-term investment flows. Considerable progress in addressing the structural bottlenecks and strengthening the regulatory framework to business investment is necessary.



Exchange Rate

The Naira has remained stable at both the official and parallel markets for several weeks. The naira exchanged at N362/\$⁶ in the parallel market and N305.6/\$⁷ in the official market – a level-range it has maintained since April 2017. Among other factors, the stability has been driven by the accretion in foreign reserves which grew week-on-week by \$374 million and currently stands at \$46.6 billion⁸. As a result of growth in the forex reserve, a total of \$210 million has been drawn towards forex weekly intervention to stabilize the forex market⁹. The stable exchange rate will increase economic certainty and attract investments. We expect the exchange rate to remain stable in subsequent quarters as 2019 elections draw closer.



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	Jan'18	Feb'18
Headline Inflation (%)	15.13	14.33
Food Sub-Index (%)	18.92	17.59
Core Sub-Index (%)	12.10	11.70
External Reserves (End Period) (US\$ Million)	40,685.23	42,492.67
Official Rate Approx. (N/US\$)	305	305
BDC Rate (N/US\$)	362	362
Manufacturing PMI	57.3	56.3
Non-Manufacturing PMI	58.5	56.1
Crude Oil Price (US\$/Barrel)	NA	NA
Petrol (PMS-N/litre)	190.90	172.5
Diesel (AGO -N/Litre)	213.82	209.89
Kerosene (HHK -N/Litre)	288.85	288.57
MPR (%)	14	14
CRR (%)	22.5	22.5
91 Day T-Bill Rate (%)	12.27	11.88
Savings Deposit (%)	4.07	4.07
Prime Lending (%)	17.50	17.53
Maximum Lending (%)	31.39	31.40
Narrow Money (N'Billion)	10,779.9	10,730.86
Broad Money (N'Billion)	23,831.92	24,019.09
Net Domestic Credit (N'Billion)	25,846.38	26,909.59
Credit to the Government (N'Billion)	3,857.43	4,288.31
Credit to the Private Sector(N'Billion)	2,198.90	2,262.12
Currency in Circulation (N'Billion)	1,945.44	1,937.33
FAAC (N'Billion)	636	647.4

*Revised GDP figures/tentative figures

NA: Not Available

¹CBN (2018). “Central Bank Of Nigeria Communiqué No 117 Of The Monetary Policy Committee Meeting Of Tuesday 3rd And Wednesday 4th April, 2018”. Retrieved from, <https://www.cbn.gov.ng/Out/2018/MPD/Central%20Bank%20of%20Nigeria%20Monetary%20Policy%20Committee%20Communique%20No%20117%20%20of%20April%203%20and%204,%202018.pdf>

²cbn.gov.ng

³Proshare (2018). “Market Updates”. Accessed April 10, 2018. <https://www.proshareng.com/news/MARKET%20UPDATES/What-To-Expect-From-The-Markets-This-Week--090418/39357>

⁴NSE (2018). “Domestic & Foreign Portfolio Participation In Equity Trading–February 2018”. Retrieved from, http://www.nse.com.ng/market_data-site/other-market-information-site/FPI%20Report/NSE%20Domestic%20and%20FPI%20Report%20-%20February%202018.pdf

⁵The Guardian (2018). “Experts predict more investment inflow in 2018”. Accessed April 10, 2018. <https://guardian.ng/business-services/experts-predict-more-investment-inflow-in-2018-2/>

⁶Abokifx (2018). “Lagos Black Market Rates”. Accessed April 10, 2018. https://abokifx.com/ratetypes/?rates=lagos_previous

⁷cbn.gov.ng

⁸CBN (2018). “The Movement in Reserves (30-Day Moving Average with effect from November 2011)”. Accessed April 10, 2018. <https://www.cbn.gov.ng/IntOps/Reserve.asp?MoveDate=4/12/2018%202:35:36%20AM>

⁹Business Post (2018). “Naira Gains 0.05% Against Dollar At I&E In One Week”. Accessed April 10, 2018. <https://www.businesspost.ng/2018/04/07/naira-gains-0-05-against-dollar-at-ie-in-one-week/>