

Inflation

Consumer Price Index, the measure for inflation rate, declined (Year-on-Year) for the fourteenth consecutive month in March 2018. Headline inflation dropped to 13.34 percent¹ – representing a marginal 0.99 percentage-points decrease, and lowest inflation rate in two years. The sub-indices moved in tandem with headline inflation as food inflation fell from 17.59 percent to 16.08 percent, while core inflation moderated to 11.20 percent, down slightly from 11.70 percent. The year-on-year decline is attributable to base effects of higher prices in corresponding month of 2017. Additionally, stable exchange rate moderated the impact of imported consumer goods prices². Going forward, to stimulate further decline in both food and core inflation rates, it is necessary to promote investment in the agriculture sector as well as to foster policies that promote forex reserve growth and exchange rate stability.



Petroleum Products

Recently released reports by the NBS shows that Nigerians paid less for petrol, diesel and kerosene in March 2018. The average price paid by consumers for petrol contracted by 5.3 percent, from N172.5 to N163.4 per litre⁵. Similarly, a litre of diesel and kerosene sold for N206.41⁶ and N268.99⁷ respectively – down from N209.89 and N288.57 sold the previous month. The NNPC had succeeded in bridging the supply gap caused by the refusal of private marketers to import fuel, thus normalizing product availability⁸. However, this came with an enormous cost, as fuel is reported to have been subsidized by the NNPC to the tune of N1.4 trillion annually. Going forward, it is imperative that the government incorporates the prospects of the country's low domestic resource mobilization, rising debt profile, and forgone expenditures in its subsidy payments decisions, to avoid unsustainable subsidy payments with adverse fiscal implications.



Business Confidence Index

According to the CBN's monthly business expectation survey, firms expressed more optimism on the macro economy in March 2018 when compared with the level recorded in the preceding month. The business confidence index improved by 10 index points to reach 24.5 points in March, from 14.5 points⁹. Backed by higher confidence indices, respondent firms expect exchange rate to continue to be stable or appreciate, inflation rate to drop, and positive outlook on financial condition, access to credit, employment and expansion plans. Going forward, the monetary policy authorities should enforce policies that insure exchange rate stability and lower inflation, as well as monitor the implementation of existing credit advancement programmes to ensure that rising business confidence index translates to higher productivity and demand –hence economic growth.



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	Feb'18	Mar'18
Headline Inflation (%)	14.33	13.34
Food Sub-Index (%)	17.59	16.08
Core Sub-Index (%)	11.70	11.20
External Reserves (End Period) (US\$ Million)	42,492.67	NA
Official Rate Approx. (N/US\$)	305	305
BDC Rate Approx. (N/US\$)	362	362
Manufacturing PMI	56.3	56.7
Non-Manufacturing PMI	56.1	57.2
Crude Oil Price (US\$/Barrel)	NA	NA
Petrol (PMS-N/litre)	172.5	163.4
Diesel (AGO -N/Litre)	209.89	206.41
Kerosene (HHK -N/Litre)	288.57	268.99
MPR (%)	14	14
CRR (%)	22.5	22.5
91 Day T-Bill Rate (%)	11.88	NA
Savings Deposit (%)	4.07	NA
Prime Lending (%)	17.53	NA
Maximum Lending (%)	31.40	NA
Narrow Money (N'Billion)	10,730.86	NA
Broad Money (N'Billion)	24,019.09	NA
Net Domestic Credit (N'Billion)	26,909.59	NA
Credit to the Government (N'Billion)	4,288.31	NA
Credit to the Private Sector(N'Billion)	2,262.12	NA
Currency in Circulation (N'Billion)	1,937.33	NA
FAAC (N'Billion)	647.4	NA

*Revised GDP figures/tentative figures

NA: Not Available

¹National Bureau of Statistics (2018). “Consumer Price Index (CPI) March 2018”. Retrieved from, <http://www.nigerianstat.gov.ng/>

²Proshare (2018). “March 2018 Inflation Falls Sharply to 13.34% Despite Easter Celebrations”. Accessed April 16, 2018. <https://www.proshareng.com/news/Nigeria%20Economy/March-2018-Inflation-Falls-Sharply-to-13.34Percent-Despite-Easter-Celebrations/39470>

³ National Bureau of Statistics (2018). “Selected Food Prices Watch (March 2018)”. Retrieved from, <http://www.nigerianstat.gov.ng/>

⁴ Relief Web (2018). “Cadre Harmonisé for Identifying Risk Areas and Vulnerable Populations in Sixteen (16) States of Nigeria - March 2018”. Accessed April 18, 2018. <https://reliefweb.int/report/nigeria/cadre-harmonis-identifying-risk-areas-and-vulnerable-populations-sixteen-16-states-0>

⁵National Bureau of Statistics (2018). “Premium Motor Spirit (Petrol) Price Watch (March 2018)”. Retrieved from, <http://www.nigerianstat.gov.ng/>

⁶ National Bureau of Statistics (2018). “Automotive Gas Oil (Diesel) Price Watch (March 2018)”. Retrieved from, <http://www.nigerianstat.gov.ng/>

⁷ National Bureau of Statistics (2018). “National Household Kerosene Price Watch (March 2018)”. Retrieved from, <http://www.nigerianstat.gov.ng/>

⁸This Day (2018). “NNPC Restores Normal Supply of Petrol at Cost of N1.4tn”. Accessed April 17, 2018. <https://www.thisdaylive.com/index.php/2018/04/10/nnpc-restores-normal-supply-of-petrol-at-cost-of-n1-4tn/>

⁹CBN (2018). “Monthly Business Expectations Survey Report”. Retrieved from, https://www.cbn.gov.ng/Out/2018/SD/March%202018%20BES%20Report_Final.pdf