

## Capital Importation

Total capital imported into Nigeria declined in 2018Q2, compared to 2018Q1 – the first quarterly decline since 2017Q1. At \$5.5 billion in 2018Q2<sup>1</sup>, capital importation dropped by 12.5 percent from the \$6.3 billion recorded in the preceding quarter. The quarter-over-quarter decline may be attributable to decreases in both portfolio and other investments, which fell by 9.8 percent and 24.1 percent respectively. However, portfolio investment maintained its leading role in contributing to total capital importation, at \$4.1 billion or 74.5 percent. On the flip side, FDI continues to be the least contributor since 2017Q1, and accounted for only 4.7 percent (\$264.1 million) in the review quarter. The overall lower capital inflows, particularly portfolio investments, puts into perspective the recent persistent downward trend in Nigeria's capital and money markets. As the political climate breeds more uncertainties, we expect foreign capital inflows to continue to taper down moderately. The government needs to assure investors of a stable macroeconomic environment amid politicking through visible and well-communicated strategies.



## Oil Exports

Data obtained from OPEC show that Nigeria's net oil export earnings from January to July 2018 stood at \$26 billion, with a monthly average revenue of \$3.7 billion<sup>2</sup>. This represents 32.1 percent higher than the 2017 monthly average of \$2.8 billion (i.e \$34 billion for the whole year, 2017). The significant increase in oil export earnings reflects the continued rise in global crude price, complemented by the relative improvements in local crude oil production<sup>3</sup>. Improved earnings put Nigeria as the sixth biggest revenue earner among OPEC member countries. However, crude oil remains a volatile market subject to shocks and declining prices. Hence, the Nigerian government needs to implement its strategies, detailed in the Economic Recovery and Growth Plan, for expanding the country's export base beyond commodities market at a faster pace.



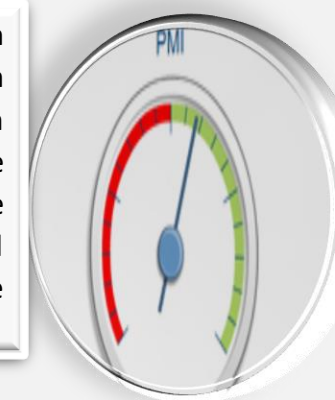
## Sectoral Credit

Analysis of credit by Banks show that a total of N15.34 trillion was allocated to the private sector in 2018Q2<sup>4</sup> – this represents a marginal decline of about 2 percent from the N15.60 trillion in 2018Q1. Further breakdown reveals that Oil and Gas sector received the largest allocation of N3.45 trillion, closely followed by Manufacturing sector with N2.02 trillion. Despite the marginal decline in allocation of credit in the review quarter, major sectors remain top priority in credit receipts. There is need to implement policies and programs that encourage increased lending to other key industrial sectors of the economy.



## Debt Servicing

Figures released by the DMO suggest that Nigeria's external debt service costs dropped in 2018Q2 by 10.2 percent. Compared with the \$225.3 million paid in 2018Q1<sup>5</sup>, \$202.4 million was used to service external debts in the following quarter<sup>6</sup>. This reduction may have been cautious following an earlier warning by the DMO that Nigeria's high debt-service to revenue could trigger a debt crisis. With the recent visits to the international capital market and the issuances of new instruments in the domestic debt market, debt servicing costs is expected to rise in the short- to medium-term. Thus, efforts should be channeled to curtail future increases in debt servicing.



<b>ECONOMIC SNAPSHOT</b>		
<b>Quarterly Indicators</b>	<b>'17Q4</b>	<b>'18Q1</b>
GDP Growth Rate (%)	2.11	1.95
Oil GDP (%)	11.20	14.77
Non-oil GDP (%)	1.45	0.76
Unemployment Rate (%)	NA	NA
Foreign Direct Investment (US \$ Million)	378.41	246.62
Portfolio Investment (US \$Millions)	3,477.53	4,565.09
Other Investment (US \$Million)	1,526.92	1,491.93
External Debt (FGN & States- N'Billion)	5,787.51	6,746.27
Domestic Debt (FGN + States & FCT N'billion)	15,938.26	15,960.92
Manufacturing Capacity utilization (%)	NA	NA
<b>Monthly Indicators</b>	<b>Jun'18</b>	<b>Jul'18</b>
Headline Inflation (%)	11.23	11.14
Food Sub-Index (%)	12.98	12.95
Core Sub-Index (%)	10.4	10.2
External Reserves (End Period) (US\$ Million)	47,789	47,120
Official Rate Approx. (N/US\$)	305	305
BDC Rate Approx. (N/US\$)	362	362
Manufacturing PMI	57.0	56.8
Non-Manufacturing PMI	57.5	57.7
Crude Oil Price (US\$/Barrel)	75.38	NA
Petrol (PMS-N/litre)	148.1	146.8
Diesel (AGO -N/Litre)	204.97	204.32
Kerosene (HHK -N/Litre)	279.67	276.87
MPR (%)	14	14
CRR (%)	22.5	22.5
91 Day T-Bill Rate (%)	10.11	10.00
Savings Deposit (%)	4.07	4.07
Prime Lending (%)	16.78	16.83
Maximum Lending (%)	31.17	31.09
Narrow Money (N'Billion)	10,701.11	10,668.00
Broad Money (N'Billion)	24,814.00	24,971.10
Net Domestic Credit (N'Billion)	25,568.21	25,654.48
Credit to the Government (N'Billion)	3,286.34	3,393.27
Credit to the Private Sector(N'Billion)	2,228.19	2,226.12
Currency in Circulation (N'Billion)	1,519.90	1,468.30
FAAC (N'Billion)	821.86	NA

\*Revised GDP figures/tentative figures

NA: Not Available

<sup>1</sup>National Bureau of Statistics (2018). “Nigerian Capital Importation (Q2 2018)” Retrieved from, <http://nigerianstat.gov.ng/elibrary>

<sup>2</sup>EIA (2018). “OPEC Revenues Fact Sheet”. Retrieved from, [https://www.eia.gov/beta/international/analysis\\_includes/special\\_topics/OPEC\\_Revenues/opec.pdf](https://www.eia.gov/beta/international/analysis_includes/special_topics/OPEC_Revenues/opec.pdf)

<sup>3</sup>Punch (2018). “Nigeria’s oil revenue hits \$26bn in seven months”. Accessed August 27, 2018. <https://punchng.com/nigerias-oil-revenue-hits-26bn-in-seven-months/>

<sup>4</sup>National Bureau of Statistics (2018). “Selected Banking Sector Data: Sectorial Breakdown of Credit, ePayment Channels and Staff Strength (Q2 2018)” Retrieved from, <http://nigerianstat.gov.ng/elibrary>

<sup>5</sup>DMO (2018). “Actual External Debt Service Payments in Second Quarter, 2018 in Thousands of USD”. Retrieved from, <http://www.dmo.gov.ng/debt-profile/external-debts/debt-service/2528-actual-external-debt-service-payments-in-2nd-quarter-2018/file>

<sup>6</sup>DMO (2018). “Actual External Debt Service Payments in First Quarter, 2018 in Thousands of USD”. Retrieved from, <http://www.dmo.gov.ng/debt-profile/external-debts/debt-service/2471-actual-external-debt-service-payments-in-1st-quarter-2018/file>