

Human Capital Development

The recent report by United Nations Development Programme (UNDP) shows that Nigeria's Human Development index (HDI) value rose very marginally from 0.530 in 2016 to 0.532 in 2017¹. However, overall, the ranking remained unchanged at 157th position out of 189 sample countries – putting the nation in the low human development category, and below Ghana, Kenya and a few other sub-Saharan countries. The HDI criteria which is broadly inclusive of countries' social, political and economic diversity and indicative of quality of life, may have shown limited progress in Nigeria due to rising population² (currently, population stands at 190.1 million). In the population growth and absence of the political will to address the sub-optimal HDI, signaled by the historic low budget share allocated to the education and health sectors, significant improvements in the HDI is not foreseeable in the near future. To build the nation's human capital potential, the private sector and state will need to escalate efforts in providing affordable and quality skills, health care, transportation, housing and other social services to the public.



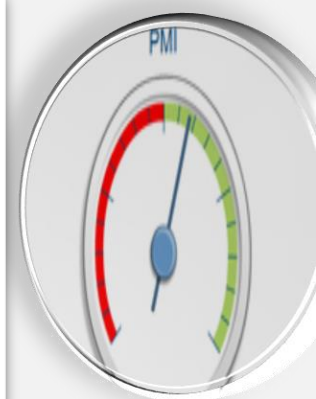
Inflation

Inflation rate increased for the first time in 2018 – showing the first year-on-year rise following 18 consecutive months of disinflation. At 11.23% in August 2018³, inflation rate rose by a marginal 0.09 percentage points from 11.14% in July 2018. Increases were triggered by rise in cost of food and other items. Food sub-index rose to 13.2%, from 12.9% the previous month – prices of several selected food items increased in the review month⁴ along with prices of transportation services⁵ due to increases in cost of fuels (petrol and diesel rose to N146.9⁶ and N208.0⁷ per litre respectively). In addition, core inflation moderated to 10%, on the back of increases in household and medical services, among others. Inflation is expected to continue to rise in the near term on account of rising spending as the December/January holiday and festive season draws closer, as well as rising expenditure on campaigns by aspirant political leaders in preparation for the February 2019 general elections. Monetary policy authorities would need to proactively utilize measures to check rising money supply.



Portfolio Investment

The Nigerian Stock Market recorded a Month-on-Month decline in portfolio investments. Total transactions fell significantly by 22.2% to N146.1 billion in July 2018⁸. The decline was particularly driven by reductions in foreign portfolio investments, which fell by a significant 65% to N36.2 billion in the review month. Often considered to contribute to capital flight, potential political risks and tensions, which are associated with election periods, may have been the bedrock of the decline in foreign portfolio investments⁹. In addition, the recent legal actions against erring foreign firms is likely to be a contributory factor to the capital flight. As we progress towards the 2019 elections, foreign investors are expected to take-off or stay-off investments considering the associated risks. Relevant state actors would need to build credibility and signal commitment to peaceful elections in order to improve investor certainty.



ECONOMIC SNAPSHOT		
Quarterly Indicators	'18Q1	'18Q2
GDP Growth Rate (%)	1.95	1.5
Oil GDP (%)	14.77	-3.95
Non-oil GDP (%)	0.76	2.05
Unemployment Rate (%)	NA	NA
Foreign Direct Investment (US \$ Million)	246.62	261.4
Portfolio Investment (US \$Millions)	4,565.09	4,119.5
Other Investment (US \$Million)	1,491.93	1,132.8
External Debt (FGN & States- N'Billion)	6,746.27	6,750.91
Domestic Debt (FGN + States & FCT N'billion)	15,960.92	15,628.76
Manufacturing Capacity utilization (%)	NA	NA
Monthly Indicators	Jul'18	Aug'18
Headline Inflation (%)	11.14	11.23
Food Sub-Index (%)	12.95	13.2
Core Sub-Index (%)	10.2	10.0
External Reserves (End Period) (US\$ Million)	47,120	45,838.59
Official Rate Approx. (N/US\$)	305	305
BDC Rate Approx. (N/US\$)	362	362
Manufacturing PMI	56.8	57.1
Non-Manufacturing PMI	57.7	58.0
Crude Oil Price (US\$/Barrel)	74.72	NA
Petrol (PMS-N/litre)	146.8	146.9
Diesel (AGO -N/Litre)	204.32	207.98
Kerosene (HHK -N/Litre)	276.87	288.75
MPR (%)	14	14
CRR (%)	22.5	22.5
91 Day T-Bill Rate (%)	10.00	NA
Savings Deposit (%)	4.07	NA
Prime Lending (%)	16.83	NA
Maximum Lending (%)	31.09	NA
Narrow Money (N'Billion)	10,668.00	NA
Broad Money (N'Billion)	24,971.10	NA
Net Domestic Credit (N'Billion)	25,654.48	NA
Credit to the Government (N'Billion)	3,393.27	NA
Credit to the Private Sector(N'Billion)	2,226.12	NA
Currency in Circulation (N'Billion)	1,468.30	NA
FAAC (N'Billion)	715	NA

*Revised GDP figures/tentative figures

NA: Not Available

- ¹UNDP (2018). “Human Development Indices and Indicators: 2018 Statistical Update”. Retrieved from, http://hdr.undp.org/sites/all/themes/hdr_theme/country-notes/NGA.pdf
- ²Vanguard (2018). “UNDP report says Nigeria’s Human Development Index rises by 2 points”. Accessed September 18, 2018. <https://www.vanguardngr.com/2018/09/undp-report-says-nigerias-human-development-index-rises-by-2-points/>
- ³National Bureau of Statistics (2018). “CPI and Inflation Report August 2018”. Retrieved from, <http://www.nigerianstat.gov.ng/>
- ⁴ National Bureau of Statistics (2018). “Selected Food Prices Watch (AUGUST 2018)”. Retrieved from, <http://www.nigerianstat.gov.ng/>
- ⁵ National Bureau of Statistics (2018). “Transport Fare Watch (August 2018)”. Retrieved from, <http://www.nigerianstat.gov.ng/>
- ⁶ National Bureau of Statistics (2018). “Premium Motor Spirit (Petrol) Price Watch (August 2018)”. Retrieved from, <http://www.nigerianstat.gov.ng/>
- ⁷ National Bureau of Statistics (2018). “Automotive Gas Oil (Diesel) Price Watch (August 2018)”. Retrieved from, <http://www.nigerianstat.gov.ng/>
- ⁸NSE (2018). “Domestic & Foreign Portfolio Participation in Equity Trading July 2018”. Retrieved from, http://www.nse.com.ng/market_data-site/other-market-information-site/FPI%20Report/NSE%20Domestic%20and%20FPI%20Report%20-%20July%202018.pdf
- ⁹This Day (2018). “As Foreign Portfolio Investment Outflow Increases...”. Accessed September 18, 2018. <https://www.thisdaylive.com/index.php/2018/09/02/as-foreign-portfolio-investment-outflow-increases/>