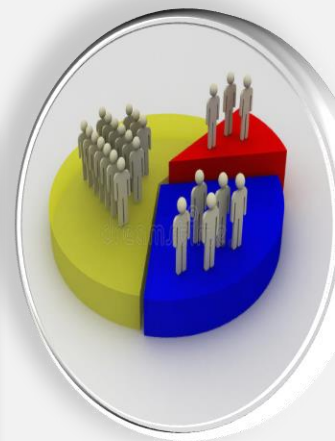


Economic Growth

The World Bank's recent Africa Pulse publication reveals a revised 2018 growth rate forecast for Nigeria from the earlier projected 2.1 percent to 1.9 percent¹ – representing a slight downward review. The revision was premised around what the institution termed “sluggish growth” amid rising debts, and a myriad of factors including: declining oil production, disruptions in agricultural activities occasioned by the incessant herdsmen and farmers clashes, and effects of climate change. The contraction in the agricultural sector stalled crop production and dampened prospects of increased non-oil growth, all of which stunted economic recovery². With the continuous implementation of the Economic Recovery and Growth Plan (2017-2020), there are strong possibilities that the economy may benefit from revenue sources other than oil in the near future. Scaling up efforts to implement the strategies outlined in the Plan is very crucial to increasing economic growth potentials of the nation.



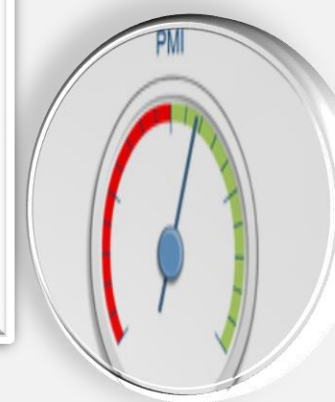
Business Confidence Index

The CBN monthly business expectation survey shows that businesses expressed more optimism on Nigeria's macroeconomy for the month of September, 2018. Compared to August, the confidence index increased from 21.5 index points to 24.8 points; and business outlook for October 2018 showed more confidence on the macroeconomy at 64.5 index points³. A cross-section of respondents were optimistic that while there exist constraints such as insufficient power supply, insufficient demand and access to credit, expectations are hinged on appreciation of the naira and fall in inflation. However, it is unlikely that exchange rates and inflation rates will significantly improve in the coming months as historical trends suggest that exchange rates and inflation rates worsen in the festive period (December) and months leading up to general elections. Thus, the Ministry of Power, Works and Housing as well as monetary authorities have central roles to play in addressing power supply and credit access constraints to maintain a degree of stability in the business environment amid in the festive period and general elections.



Purchasing Managers' Index

The Central Bank of Nigeria Manufacturing PMI fell to 56.2 index points in September⁴, 2018 from 57.1 in August. Non-manufacturing PMI slowed to 56.5 points from 58 points in the preceding month. Ten out of fourteen manufacturing sub-sectors recorded growth in the month, a decline from thirteen sub-sector growth in August. The PMI reduction was due to weaker consumer demand indicative in the new orders index, which declined to 55.3 points. Production volume also slowed in the month, from 59.3 to 58.4 points. However, despite the reduction, PMI remains above the 50-points threshold that distinguishes expansion from contraction. There is the need to ensure that forex is readily available at discounted window to especially manufacturing firms to support industrial growth in the short-term.



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	12.14
Savings Deposit (%)	4.07	4.07
Prime Lending (%)	16.83	16.65
Maximum Lending (%)	31.09	30.93
Narrow Money (N'Billion)	10,668.00	10,448.16
Broad Money (N'Billion)	24,971.10	24,859.35
Net Domestic Credit (N'Billion)	25,654.48	24,848.63
Credit to the Government (N'Billion)	3,393.27	2,378.39
Credit to the Private Sector(N'Billion)	2,226.12	2,247.02
Currency in Circulation (N'Billion)	1,468.30	1,928.74
FAAC (N'Billion)	715	741.8

*Revised GDP figures/tentative figures

NA: Not Available

¹World Bank (2018). "Africa's Pulse, No. 18, October 2018 : An Analysis of Issues Shaping Africa's Economic Future". Retrieved from, <https://openknowledge.worldbank.org/bitstream/handle/10986/30455/9781464813658.pdf?sequence=2&isAllowed=y>

²This Day (2018). "World Bank Cuts Nigeria's Growth Projection to 1.9%". Accessed October 8, 2018. <https://www.thisdaylive.com/index.php/2018/10/04/world-bank-cuts-nigerias-growth-projection-to-1-9/>

³CBN (2018). "Monthly Business Expectations Survey Report". Retrieved from, https://www.cbn.gov.ng/Out/2018/STD/BES%20SEP%20%202018_%20FINAL.pdf

⁴CBN (2018). "Purchasing Managers' Index (PMI) Survey Report". Retrieved from, https://www.cbn.gov.ng/Out/2018/STD/PMI_Report_September%202018.pdf

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