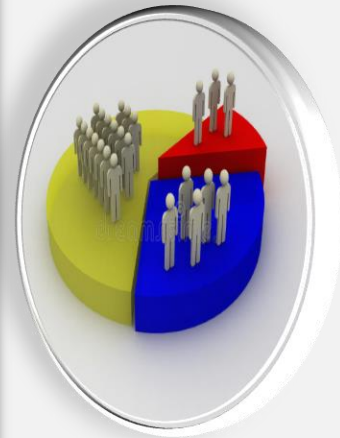


Consumer Expectations Survey

The CBN quarterly consumer expectation survey shows that consumers expressed optimism as outlook for the third quarter of 2018 was positive. Relative to 2018Q2, consumer index increased from -6.3 index points to 1.5 index points.¹ Some respondents attributed their increased confidence to improved economic conditions. Consumers also had a favourable outlook for the next quarter and the next 12 months at 24.7 and 30.1 points respectively, owing to expected increase in net household income and the anticipated improvement in Nigeria's economic conditions. With rallying global oil prices and some stability in the Naira buttresses consumers' economic expectations, some indicators cast gloomy prospects. These indicators include: capital flow reversals from Nigeria due to consecutive increases in the United States' benchmark interest rate, as well as Nigeria's depleting external reserve, declining equities market performance, and uncertainties in the political environment in lieu of the 2019 general elections. The CBN may need cut interest rates before the end of 2018 in an effort to support growth.



Foreign and Domestic Investment

Total transactions in the Nigerian Stock Market declined by 2.79 percent between August and September 2018, from N133.84 billion to N130.20 billion². The decrease is driven by a 27.03 percent decline in domestic transactions, which outweighs the gains in foreign transaction, and is due to a 50.38 percent decrease in the retail component of domestic investment. Perhaps, discussions about the factors responsible for the consistent decline in domestic investment-of 62.5 percent between 2007 and 2017- is critical. Since the crash of the stock market in 2009 where domestic transactions declined from N3.97 trillion in 2008 to 947 billion in 2009, domestic investment particularly by retail investors have still not recovered. Encouraging Nigeria's middle class to be less risk-averse and participate in the local capital market is crucial to the growth of the market. Policy makers should incorporate a capital market component to financial inclusion policies, also equity market operators should advertise the benefit of equity investments to citizens.



Stock Market

All Share Index (ASI) increased for the second consecutive week with a 0.20 percent increase to close at 32,907.33 basis points.³ Market capitalization increased by the same margin to close at N12.014 trillion. The bullish performance in the bourse was due to release of positive third quarter corporate earnings, worsened by the political uncertainty. The caution exercised, especially by foreign portfolio investors, in the market may lead to more sell-offs that will also negatively affect Nigeria's foreign reserves. There is need for the present government to properly manage economic and political uncertainties in the market and ensure the detangling of politics in the management of the economy, irrespective of the fast-approaching general elections.

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	Aug'18	Sept'18
Headline Inflation (%)	11.23	11.28
Food Sub-Index (%)	13.2	13.31
Core Sub-Index (%)	10.0	9.8
External Reserves (End Period) (US\$ Million)	45,838.59	44,306.10
Official Rate Approx. (N/US\$)	305	305
BDC Rate Approx. (N/US\$)	362	362
Manufacturing PMI	57.1	56.2
Non-Manufacturing PMI	58.0	56.5
Crude Oil Price (US\$/Barrel)	NA	NA
Petrol (PMS-N/litre)	146.9	147.3
Diesel (AGO -N/Litre)	207.98	211.64
Kerosene (HHK -N/Litre)	288.75	297.28
MPR (%)	14	14
CRR (%)	22.5	22.5
91 Day T-Bill Rate (%)	12.14	NA
Savings Deposit (%)	4.07	NA
Prime Lending (%)	16.65	NA
Maximum Lending (%)	30.93	NA
Narrow Money (N'Billion)	10,448.16	NA
Broad Money (N'Billion)	24,859.35	NA
Net Domestic Credit (N'Billion)	24,848.63	NA
Credit to the Government (N'Billion)	2,378.39	NA
Credit to the Private Sector(N'Billion)	2,247.02	NA
Currency in Circulation (N'Billion)	1,928.74	NA
FAAC (N'Billion)	741.8	NA

*Revised GDP figures/tentative figures

NA: Not Available

¹Central Bank of Nigeria (2018). “Consumer Expectations Survey Report”. Retrieved from, https://www.cbn.gov.ng/Out/2018/STD/2018%20Q3%20CES%20REPORT_Final.pdf

²Stock Exchange (2018). “Domestic & Foreign Portfolio Participation in Equity Trading September 2018”. Retrieved from, http://www.nse.com.ng/market_data-site/other-market-information-site/FPI%20Report/NSE%20Domestic%20and%20FPI%20Report%20September%202018.pdf

³NSE (2018). “Stock Market Report for October 26th 2018”. Retrieved from, http://www.nse.com.ng/market_data-site/other-market-information-site/Week%20Market%20Report/Weekly%20Summary%20Statistics%20for%20the%20Week%20Ended%20%2012-10-2018.pdf

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