

GDP Growth: Non-oil sector drive marginal growth in GDP

Nigeria's real GDP growth rate rose marginally Year-on-Year by 1.8 percent in 2018Q3¹, as against 1.5 percent recorded in the preceding quarter – a minor increase of 0.3 percentage points. Non-oil sector, the main driver of the overall GDP growth rate increase, improved to 2.36 percent, from 2.05 percent. Although the overall increase in GDP growth rate reflected improvements in the non-oil sector, the economy is described to have underperformed and portrayed weak growth momentum during the quarter². At 1.8 percent, growth rate is below the ERGP's forecasted 1.92 percent and falls far behind demographic growth rates. The rising but slow growth was driven by the contraction in the oil sector (oil sector contracted YOY by -2.91 percent) and a relatively sluggish growth in the agriculture sector. Going forward, the agricultural sector will benefit from improvements in power, deployment of low cost and efficient technology, and the development of transport infrastructure.



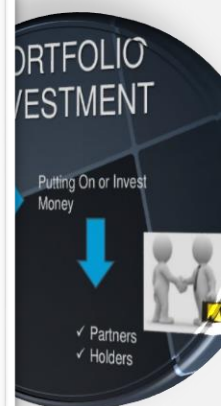
Foreign Trade: Growing Import and Crude oil Export

Nigeria's total external trade increased significantly to N9.02 trillion in 2018Q3³ compared to N6.90 trillion in the preceding quarter- this translates to a 30.7 percentage increase. A closer review suggests that the increase was triggered by a remarkable 73.8 percent increase in the value of imports during the quarter – imports stood at N4.17 trillion as against the previous quarter's N2.40 trillion. Attributable to occasional importation, the high import value correlates to an August importation of expensive submersible drilling platforms. On the other hand, exports increased slightly by 7.8 percent to N4.85 trillion, dependent on crude oil exports which accounted for 85.4 percent of overall exports. The excess of total exports over imports translated to a surplus of 0.68 trillion (680 billion) in the quarter. This positive development provides additional short-term stability to the country's foreign exchange rate. However, foreign trade remains vulnerable to the volatility in the crude oil market, thus friendly trade policies are needed to boost the non-oil exports.



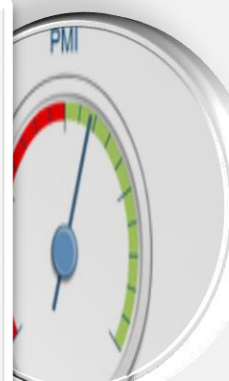
Declining Capital Importation

The total value of capital imported into Nigeria stood at \$2.86 billion in 2018Q3⁴, representing a decrease of 48.2 percent compared to 2018Q2 and a 31.1% decrease compared to 2017Q3. As expected, the significant quarterly decline in portfolio investment, occasioned by the recent investors' mass exit from the Nigeria capital market, triggered the downward trend in total capital importation. Portfolio investment fell by a significant 58.1 percent in one quarter - falling from \$4.12 billion in 2018Q2 to \$1.72 billion in 2018Q3. 'Other investments' category also declined from \$1.1 billion to \$0.6 billion. On the flip side, Foreign Direct Investment increased to \$0.53 billion from \$0.26 billion, however, the increase in FDI does not offset the substantial declines in the other categories of investments. Capital importation is expected to rise in the near future, with the recent rise in risk-free government bonds



Significant Improvement in Tax Revenue Mobilization

In line with improvements observed in the non-oil sector, the Federal Inland Revenue Service highlighted a 25 percent increase in tax revenue from 2017 to 2018. From January to the first week of December 2018, the tax body generated ₦5 trillion⁵, up from the ₦4 trillion generated for the whole year 2017. The increase has been attributed to maximum support and joint collaborations (in collections and other tax procedures) between the Presidency, Ministry of Finance, Joint Tax Board and other tax stakeholders. By the end of the year 2018, the revenue generating agency targets revenue ₦5.3 trillion – if attained, it will be the highest tax revenue generated in Nigeria's history. To expand the tax base, curbing tax evasion and avoidance by high revenue-generating companies is crucial to augmenting fiscal revenue.



ECONOMIC SNAPSHOT		
Quarterly Indicators	'18Q2	'18Q3
GDP Growth Rate (%)	1.5	1.8
Oil GDP (%)	-3.95	-2.90
Non-oil GDP (%)	2.05	2.35
Unemployment Rate (%)	NA	NA
Foreign Direct Investment (US \$ Million)	261.4	530.60
Portfolio Investment (US \$Millions)	4,119.5	1,723.1
Other Investment (US \$Million)	1,132.8	601.5
External Debt (FGN & States- N'Billion)	6,750.91	NA
Domestic Debt (FGN + States & FCT N'billion)	15,628.76	NA
Manufacturing Capacity utilization (%)	54.6	54.6
Monthly Indicators	Sept'18	Oct'18
Headline Inflation (%)	11.28	11.26
Food Sub-Index (%)	13.31	13.28
Core Sub-Index (%)	9.8	9.9
External Reserves (End Period) (US\$ Million)	44,306.10	41,995.24
Official Rate Approx. (N/US\$)	305	305
BDC Rate Approx. (N/US\$)	362	362
Manufacturing PMI	56.2	56.8
Non-Manufacturing PMI	56.5	57.0
Crude Oil Price (US\$/Barrel)	NA	NA
Petrol (PMS-N/litre)	147.3	147.2
Diesel (AGO -N/Litre)	211.64	216.75
Kerosene (HHK -N/Litre)	297.28	307.23
MPR (%)	14	14
CRR (%)	22.5	22.5
91 Day T-Bill Rate (%)	11.00	10.94
Savings Deposit (%)	4.07	4.07
Prime Lending (%)	16.59	16.53
Maximum Lending (%)	30.77	30.67
Narrow Money (N'Billion)	10,681.49	11,130.26
Broad Money (N'Billion)	25,277.07	25,713.71
Net Domestic Credit (N'Billion)	25,971.82	26,633.16
Credit to the Government (N'Billion)	3,411.35	3,909.43
Credit to the Private Sector(N'Billion)	22,560.47	22,723.73
Currency in Circulation (N'Billion)	1,926.382	1,956.009
FAAC (N'Billion)	548.39	788.14

*Revised GDP figures/tentative figures

NA: Not Available

¹National Bureau of Statistics (2018). “Overview of GDP in Q3 2018”. Retrieved from, <https://nigerianstat.gov.ng/elibrary>

² Proshare (2018). “Sluggish Agricultural Output and Contracting Oil Sector Weigh on Growth”. Accessed December 12, 2018. <https://www.proshareng.com/news/NIGERIA%20ECONOMY/Sluggish-Agricultural-Output-and-Contracting-Oil-Sector-Weigh-on-Growth/43137>

³National Bureau of Statistics (2018). “Foreign Trade in Goods Statistics (Q3 2018)”. Retrieved from, <https://nigerianstat.gov.ng/elibrary>

⁴ National Bureau of Statistics (2018). “Nigerian Capital Importation (Q3 2018)”. Retrieved from, <https://nigerianstat.gov.ng/elibrary>

⁵Punch (2018). “FIRS generates N5tn, targets N5.3tn by year-end”. Accessed December 12, 2018. <https://punchng.com/firs-generates-n5tn-targets-n5-3tn-by-year-end/>

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